

THE EFFECT OF TRADE, RESOURCES, AND MIGRATION ON CONFLICT

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Abstract:

Globalization has fostered increasing regional and global interdependence; a major facet of interdependence is expressed through trade of goods, resources, and people. Using examples of conflict over the preceding decades and analyzing the countries that have been involved in episodes of conflict, we look at the nexus between trade and conflict and examine their political economy and international relations to find relationships and correlations.

The first chapter analyzes the relationship between trade and conflict and whether bilateral trade agreements (BTA) can mitigate the likelihood of interstate conflict between states. We find that signing and implementation of the BTA should reduce the likelihood of conflict between the states as long as the terms of the BTA are upheld and enforced by both parties.

The second chapter explores the relationship between the types of goods that are traded and conflict. We find relationship in increasing intrastate but not interstate conflict. In order for countries to reduce this risk, they should seek to reduce their reliance on the trading of primary commodities and foster greater transparency, stronger institutions, and better governance coupled with economic development.

The third chapter examines the effect of human migration on conflict, which has wide ranging implications on the exchange of knowledge and ideas. Migration seemed to have an inconsistent effect on the propensity of conflict that is unique to every example.

Migration tended to increase during the onset and immediately after episodes of conflict but most often to third countries that are not involved with the country.

It is clear that interdependence is increasing when viewed from the lenses of trade

agreements, natural resource trade, and human migration pattern. The confluence of these factors are decreasing the likelihood of interstate conflict, especially in states that have bought into democratic peace, have high income levels, and strong institutions are likely to benefit from interdependence. Fostering good relations with neighbors and your own citizens, signing natural resources, and maximizing human capital to health and education investments will leverage greater interdependence and create a world that is likely to become more prosperous and experience a reduced likelihood of conflict.

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Introduction

Since the end of World War II, globalization has fostered increasing regional and global interdependence; a major facet of interdependence is expressed through trade. Trade is defined by the exchange of goods, services, and ideas and fostered by increased communications, exchanges and regulated by institutions and agreements. The institutionalization of trade started with the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947 in the West and the Council for Mutual Economic Assistance (Comecon) in the Eastern bloc as a reaction to protectionism in the 1930s that reduced global trade dramatically in the years prior to World War II. The goals for the GATT were to increase the volume of trade, promote economic growth, and improve living standards worldwide. By 1968, trade among member countries, which had grown from 23 to 62, had grown 290%.¹ This trend continues with the establishment of the World Trade Organization to supersede the GATT, an increase in bilateral trade agreements, as well as unilateral opening of countries to trade. In 2012, global trade reached \$26 trillion, which is almost equivalent to the entire global economy in 1990 and represents a 50% increase as a percentage of economic output. The thesis portfolio explores this phenomenon through the exchange of goods, resources, and people. The first chapter analyzes the relationship between trade and conflict and whether bilateral trade agreements can mitigate the likelihood of interstate conflict between states. The second chapter explores the relationship between the types of goods that are traded and conflict. It seeks to answer what types of resources are most susceptible to fueling conflict and how countries can potentially overcome the natural resource curse as

¹ Terborgh, Andrew. The Post War Rise of World Trade. London School of Economics. September 2003. <http://eprints.lse.ac.uk/22351/1/wp78.pdf>

increased economic development is highly correlated with greater needs in natural resources which could lead to explosive outcomes as trade increases. Finally, the third chapter endeavors to examine the effect of human migration on conflict, which has wide ranging implications on the exchange of knowledge and ideas. Human migration in overall numbers is greater than it's ever been before even though the 19th century saw the greatest as percentage of population. The chapters are connected in that each chapter is a manifestation of increasing globalization. There are a continuously increasing number of bilateral trade agreements, natural resource demands as more countries industrialize and consume more as well as greater numbers of people migrating for personal or professional reasons. Another characteristic that chapter share is the analysis through the lens of nation states. Signing trade agreements, extracting resources for trade, and migration are all interrelated as they are strongly affected by governance, national conditions and state policies.

With greater interdependence expressed by each chapter, demand for goods and services coupled with the necessity of primary commodities to create products along with more mobile labor to satisfy and service them, will the world become more interdependent and peaceful or more competitive and violent? Will countries generally strive to improve relations with one another or will there be some type of breakdown of the global system as we know today?

Chapter I: Do Bilateral Trade Agreements Reduce the Likelihood of Interstate Conflict?

After World War II, countries experienced levels of trade as it was institutionalized around the world within the West in OECD countries through

mechanisms such as the General Agreement on Tariffs and Trade (GATT) and the Communist Eastern bloc known as the Council for Mutual Economic Assistance (Comecon). This was the precursor of the World Trade Organization (WTO) which regulates and enforces trade agreements between member countries and one of three approaches to reforming trade with the other two between unilateral and bilateral trade agreements.

Unilateral trade reform is marked by independent reforms instituted independently without reciprocating agreements which allows them to enjoy the benefits of freer trade quickly. Examples include Great Britain in the 19th century, Chile, China after 1978 and India after 1991. Bilateral trade agreements are those in which two countries agree to mutually reduce trade barriers which enhance competition and comparative advantages as well as reducing political opposition due to reciprocity.² In this chapter, I explore the effects of bilateral trade agreements (BTAs) and their effect on the likelihood of conflict. Since 159 out of 196 countries are members of the WTO and its member countries account for 96.4% of global trade, it would be difficult to analyze their membership effects on conflict as there would be few counterexamples. Examples of unilateral trade likely don't have much effect on conflict since the decision is made internally and not as interconnected to international relations. To join the WTO, a country's policies have to be approved by all other member countries.

My analysis focuses on agreements as we are able to analyze episodes of conflict before and after their signing and it also gives us specific examples to choose from. Since 1994 and the ratification of NAFTA, trade between the US, Canada and Mexico

² Irwin, Douglas. International trade Agreements. Library of Economics and Liberty.
<http://www.econlib.org/library/Enc/InternationalTradeAgreements.html>

increased from \$290 billion in 1993 to \$1.1 trillion in 2012.³ In June 2010, China and Taiwan signed a bilateral free trade agreement (FTA), lowering barriers to trade and further promoting economic interdependence. By 2011, trade levels had increased 19.8%. This development has the potential to have far reaching consequences for their prospective relationships and mutual security. After 60 years of mutual enmity and military maneuvers as recently as 1996, could this bilateral trade agreement (BTA) mitigate the likelihood of potential military conflict? Do bilateral trade agreements mitigate trade? If so, this may well have far reaching implications for geopolitics in East Asia reducing the likelihood of the dangers of a regional “flashpoint.” This will also have consequences for US foreign policy in the region due to implications in the Taiwan Relations Act which stipulates that “any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States.”⁴

The paper will first define interdependence as it provides a broad framework to discuss trade, the role of institutions that govern trade and serve as a foundation for agreements that are made between states. The review will then focus on the relationship between trade and conflict, as well as an exploration of research conducted by different scholars. Bilateral trade agreements will then be introduced as the independent variable in light of the literature along with my hypothesis on its relationship on the likelihood of conflict between states. Given that there are hundreds of BTAs, the study uses data from two case studies to explore the relationship between BTAs and conflict.

³ Sergie, Mohammad. NAFTA’s Economic Impact. Council on Foreign Relations. Feb 14, 2014. <http://www.cfr.org/trade/naftas-economic-impact/p15790>

⁴ Taiwan Relations Act, American Institute in Taiwan. <http://www.ait.org.tw/en/taiwan-relations-act.html>, January 1 1979

Interdependence

Robert Keohane and Joseph Nye were the first to outline the concept of interdependence, which they define as the reciprocal effect among actors resulting from international transactions inclusive of flows of money, goods, people and messages across international boundaries.⁵ This concept has evolved over time from the sole movement of physical goods through trade to the growth and proliferation of institutions to monitor and hold trading partners accountable. This evolution has had far reaching consequences as almost every area of global cooperation has been formalized into an international institution over the preceding decades with the number of formal international organizations increasing from 300 in 1977 to well over 6,000 today.⁶

According to Mark Bevis, Institutions are 'persistent and connected sets of rules (formal or informal) that prescribe behavioral roles, constrain activity, and shape expectations.'⁷ The largest institutions that pertain to and promote trade are the World Trade Organization (WTO), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD).⁸ The growth and strength of institutions such as the WTO, which was established in 1995, can be seen through its representation of 153 countries with a budget of over \$205 million dollars in 2009.⁹ In 2012, the flow of goods, services, and finance reached \$26 trillion, equivalent

⁵ Keohane, Robert. and Nye, Joseph. *Power and Interdependence*, Glenview, IL: Scott, Foresman/Little, Brown, 1977

⁶ Milner, Helen. Moravcsik, Andrew. *Power, Interdependence, and Nonstate Actors in World Politics*. Princeton Press, 2009. (6)

⁷ Beavis, Mark. "The IR Theory Knowledge Base." *The IR Theory Home Page*. 1 Nov. 2010. Web. <<http://www.irtheory.com/know.htm>>.

⁸ Rose, Andrew. "Which International Institutions Promote International Trade?" *Review of International Economics* 13.4 (2005): 682-98.

⁹ WTO | Budget for the Year 2009." *World Trade Organization - Home Page*. World Trade Organization. Web. 02 Mar. 2011. <http://www.wto.org/english/thewto_e/secre_e/budget09_e.htm>.

to 36% of the world's economic output, which is almost equal to the entire economic output of the world in 1990.¹⁰

Through these institutions and regional integration, trade agreements have become defining features of the modern economy and a powerful force for globalization. Robert Jervis notes that these institutions are necessary in the absence of a sovereign authority to make and enforce binding agreements and regional integration helps states cooperate to enjoy mutual benefits.¹¹ In 2007, the WTO recognized more than 380 regional trade agreements (RTAs) and this trend continues to grow.¹²

Through economic interdependence, countries have drastically increased opportunities for interactions among societies that are often correlated with peaceful coexistence. Keohane and Nye observe that improvements in relations increase the cost of using military force, "there is no guarantee that military means will be more effective than economic ones to achieve a given purpose."¹³ These ideas stretch back to the early 20th century with scholars such as Norman Angell declaring that economic interdependence rendered wars irrational and looked forward to the day when they would become obsolete.¹⁴

Trade and Conflict

Trade has always been referred to as the interdependent nature of open markets and the idea of comparative advantage. Trade is positively correlated with economic gains as actors often find that interdependence fosters economic cooperation through

¹⁰ Manyika, James. Bughin, Jacques et al. Global flows in a digital age. McKinsey & Company. April 2014. http://www.mckinsey.com/insights/globalization/global_flows_in_a_digital_age

¹¹ Jervis, Robert. Realism, Neoliberalism, and Cooperation: Understanding the Debate (4)

¹² Khan, Shaheen Rafi. *Regional Trade Integration and Conflict Resolution*. London: Routledge, 2009.

¹³ Keohane, Robert. and Nye, Joseph. Power and Interdependence Revisited
International Organization Vol. 41 No. 4, MIT, 1987 (731)

¹⁴ Ibid (1)

migration, tourism, and the promotion of exchanges creating a mutually beneficial economic relationship.¹⁵

Scholars who have identified a strong correlation between trade and conflict such as Edward Mansfield note that the majority of existing literature emphasizes that trade, especially in the form of agreements enhances market access for goods, services, and investments. In addition to liberalizing and increasing the flow of overseas commerce, these institutions are designed to stabilize and reduce volatility in policy and flow of goods and services by constraining states from introducing new trade barriers and fostering policy transparency and convergence in expectations, standards, and stability.¹⁶ Mansfield continues to argue that trade institutions reduce the variability of trade flows in three complementary ways. First, institutions help enforce existing market access commitments and deter the erection of new protectionist barriers that could otherwise precipitate fluctuations in trade. Second, trade institutions foster transparency and policy convergence among member-states. Third, such institutions change certain characteristics of markets, precipitating responses by private traders that reduce the volatility of cross-border transactions.¹⁷ J.D. Morrow brings up the conflict dimension by highlighting that trade flows could reduce the risk of escalation by increasing the range of costly signals of resolve in a crisis.¹⁸

Hegre et al. bring in themes of governance and fear of consequences in their study. They find that commerce promotes peace because violence has substantial costs. Economically important trade reduces conflict because interstate violence adversely

¹⁵ Rogerson, Kenneth. Information Interdependence: Keohane and Nye's complex interdependence in the information age. *Information, Communications, & Society*, Vol. 3 No. 3 415-436, 2000 (4)

¹⁶ Mansfield, Edward D., and Eric Reinhardt. "International Institutions and the Volatility of International Trade." *International Organization* 62.04 (2008)

¹⁷ Ibid

¹⁸ Morrow, J. D. "How Could Trade Affect Conflict?" *Journal of Peace Research* 36.4 (1999): 481-89.

affects commerce. If conflict did not impede trade, economic agents would be indifferent to risk and the maximization of profit. Because conflict is costly, trade should reduce interstate violence. Otherwise, national leaders would be insensitive to economic loss and the preferences of powerful domestic actors. The economic cost of conflict should reduce the likelihood of military conflict, *ceteris paribus*, if national leaders are rational.¹⁹

In contrast, Morrow finds that the correlation between war and trade to be more ambiguous and indeterminate. He states that almost all conflicts are preceded by crisis where the sides attempt to convince one another to yield to their demands in the face of possible use of force. A state initiates a dispute in the hope of obtaining concessions from the target of its threat; preferably gaining these concessions without having to go to war and crises are contests of relative resolve. Neither side, however, can observe the other side's resolve in totality; therefore the net effect of these two changes is indeterminate.²⁰

Phillipe Martin et al. find even more ambiguity between trade and conflict. They show that the conventional wisdom that trade promotes peace is only partially true even in a model where trade is economically beneficial, military conflicts reduce trade, and leaders are rational. They argue that war can occur because of the presence of asymmetric information; the probability of escalation is lower for countries that trade more bilaterally because of the opportunity cost associated with the loss of trade gains. However, countries more open to global trade have a higher probability of war because

¹⁹ Hegre, Havard, John Oneal, and Bruce Russett. "Trade Does Promote Peace: New Simultaneous Estimates of the Reciprocal Effects of Trade and Conflict." *Journal of Peace Research* 47.6 (2010): 763-774.

²⁰ Morrow, J. D. *How Could Trade Affect Conflict?*

multilateral trade openness decreases bilateral dependence to any given country and the cost of a bilateral conflict.²¹

Martin highlights that trade being highly correlated with reducing the probability of military conflict in proximate countries can be traced back to Immanuel Kant's *Essay on Perpetual Peace* (1795). He also provides the European trade integration process as a regional example to mitigate the destruction of the two World Wars from ever happening again.²² This assertion would be likely supported by Mansfield's research on policy transparency and converge in expectations, standards, and stability as means to reduce the likelihood of conflict. Martin also finds that even in the age of dramatic increasing trade flows in the 1990's, there was no clear evidence that of lower prevalence of military conflicts, even taking into account the increase in the number of sovereign states. He therefore concludes that what matters ultimately is the geographical structure of trade and its balance between bilateral and multilateral openness. Bilateral trade, because it increases the opportunity cost of bilateral war, deters bilateral war. This contrasts with Morrow's findings that the initiator is less willing to fight, increasing the chance that it makes concessions to the initiator to avoid war, thus increasing the chance that the initiator begins a dispute.²³ Martin correlates multilateral trade openness with greater likelihoods of conflict because it weakens the incentive to make concessions during negotiations to avert escalation and therefore increases the probability of war between any given pair of country. An increase in trade between two countries pacifies relations between those but increases the probability of conflict with third countries.²⁴

²¹ Martin, Philippe, Thierry Mayer, and Mathias Thoenig. "Make Trade Not War?" *Review of Economic Studies* 75.3 (2008): 865-900.

²² Martin, 878

²³ Morrow, J. D. *How Could Trade Affect Conflict?*

²⁴ Martin, Philippe, Thierry Mayer, and Mathias Thoenig. *Make Trade Not War?*

In contrast to scholars such as Mansfield who find a positive correlation between trade and security, other scholars have argued that trade can increase the prospect for conflict between states. Rogerson argues that substantial levels of trade can also be disadvantageous, including a loss of sovereignty and relinquishing a certain amount of control on activities. For example, it could become more difficult to make foreign policy decisions by completely relying on one's own national interests. Other interests and groups outside national boundaries may have an increasing influence on the foreign policy-making process,²⁵ Vernon echoes Rogerson's concerns by finding that the increase in importance of international transactions and the growth of multinational institutions have weakened government's control over some of its most important policy instruments, while the increase in economic interdependence has increased the risks of retaliation and adverse feedback.²⁶

Supporting Rogerson and Vernon's arguments on the potential risks of trade, Khan finds issues that trade can be divisive and exclusive, and their terms can embed regional tensions and power imbalances. Particularly when negotiated between countries of differing economic power, trade agreements can exert powerful leverage on the political stability and economically weaker partner. Poorly designed and implemented trade agreements can lead to heightened tensions between countries. At the same time, the political and economic adjustment costs involved in pursuing regional trade integration can undermine local livelihoods and create winners, and losers spurring competition between groups.²⁷ However, Brown would likely dispute this as he finds that

²⁵ Rogerson, Kenneth. Information Interdependence: Keohane and Nye's complex interdependence in the information age. *Information, Communications, & Society*, Vol. 3 No. 3 415-436, 2000

²⁶ Vernon, R 'Global interdependence in a historical perspective', in *Interdependence and Co-operation in Tomorrow's World*, Paris: OECD, 1987 (27)

²⁷ Khan, Shaheen Rafi. *Regional Trade Integration and Conflict Resolution*. London: Routledge, 2009

states are rational actors and will continually scan each other for signs that their relative power position is changing and will only cooperate when they expect that the gains that they will receive will be greater than, or at least equal to, the gains of all other relevant parties.²⁸

The overall relationship established by scholars between trade and conflict is indeterminate as they disagree on the effect of trade on the likelihood for conflict. Although many scholars such as Keohane and Mansfield and generally contend that interdependence and institutions between states are correlated with cooperation and peaceful coexistence. Others such as Hegre and Martin find that this is only true in certain cases. Martin finds that while bilateral trade mitigates conflict, multilateral trade often increases the likelihood for conflict due to the reduction of opportunity costs and weakens the incentive to make concessions during negotiations. On the other side of the spectrum, Vernon argues that increasing interdependence increases the risk of retaliation and Kahn sees trade agreements being detrimental to the economically weaker partner if they're poorly designed and implemented.

Due to the broad findings of the literature with multiple variables, the study will focus on whether of Bilateral Trade Agreements (BTAs) would have an effect on the likelihood of conflict between states. Although Martin et al find that bilateral trade mitigates conflict especially when countries are geographically proximate; he finds multilateral trade to have the opposite effect on probability of conflict. He finds no clear evidence that overall increasing trade in the 1990's was a period of lower prevalence of military conflict.²⁹ However, bilateral FTAs are not restricted to a geographic limit and

²⁸ Brown, Chris. *Understanding International Relations*. Basingstoke: Palgrave Macmillan, 2007 (49-50)

²⁹ Martin, Philippe, Thierry Mayer, and Mathias Thoenig. *Make Trade Not War?*"

Martin makes no distinction between increasing trade and entering into a BTA agreement.

Hypothesis

The hypothesis is that bilateral Free Trade Agreements (BTAs) mitigate the likelihood of conflict between states as they promote stability and reduce volatility in trade policy and flows. States are rational actors and would enter into these agreements only if they expect that the gains that they will receive will be greater than, or at least equal to, the gains of the respective party. BTAs are likely to stabilize and reduce volatility in trade policy and trade flows by constraining states from introducing new trade barriers. They also foster policy transparency and converge in expectations, standards, and stability; all characteristics that promote peace. The hypothesis would be falsified if states with existing free trade agreements are found to have a greater, equal, or indeterminate effect on their likelihood for conflict. To account for potential endogeneity, my case studies will only include countries that have previously had at least one episode of military conflict.

I will then explore the implications of the BTAs on the likelihood of conflict and see if they support the hypothesis as well as to apply them to the BTA signed by China and Taiwan in 2010 in terms of its political implications and potential to reduce the likelihood of conflict to break out between the states.

Bilateral Free Trade Agreements

Bilateral Trade Agreements (BTAs) are arrangements made between countries where they give each other preferential treatment in trade, such as eliminating tariffs and other barriers on goods. Each country continues its trade policies, such as tariffs with

countries outside the BTA.³⁰ Jayant Menant found that BTAs have been increasing dramatically, increasing eight-fold between 1995 and 2006, most of these agreements taking on the form of a Bilateral Trade Agreement (BTA). As of October 2006, there were over 176 BTAs at stages of completion in just the Asia Pacific Region and over 300 worldwide.³¹

Why are they popular? McMahon finds that increasing free trade agreements typically lower prices for consumer goods in the United States as well as the costs U.S. businesses pay for imported materials. He also notes that more competition in local markets spurs innovation and increases labor productivity. These deals also open up foreign markets to U.S. goods, increase employment in those export sectors, and create new markets for goods as well as typically providing a better climate for U.S. investors. McMahon also notes that FTAs spur improvements in developing countries through provoking reform in the partner countries that allow them to pursue further liberalization through introducing more market-oriented reforms.³² For example, the Department of Commerce notes that free trade opens up foreign markets to U.S. exporters. In 2006, trade with countries that the United States has FTAs with was significantly greater than their relative share of the global economy. Comprising 7.5% of global these countries accounted for over 42% of U.S. exports and a more equal trade balance as access is improved and barriers eliminated on entrance into the vast US market.³³

In contrast with the multilateral framework such as WTO, Menon notes that BTAs provide flexibility in terms of pursuing disparate interests where almost any

³⁰ McMahon, Robert. The Rise in Bilateral Free Trade Agreements, *CFR*, July 13, 2006

³¹ Menon, Jayant. Bilateral Trade Agreements, *Asian-Pacific Economic Literature Volume 21, Issue 2, pages 29–47, November 2007*

³² McMahon. Rise in Bilateral Free Trade Agreements

³³ International Trade Administration, US Department of Commerce. <http://trade.gov/fta/>

objective can be pursued to accommodate the parties concerned in a way that would be difficult in a multilateral setting. He finds that the greatest factor for driving the proliferation of BTAs to be the apparent disenchantment with the pace of liberalization at the multilateral level. “BTAs tend to attract less attention from the media, domestic opposition forces (anti-free trade lobby or sensitive industry groups), or from abroad (traditional trading partners or members of a regional grouping to which the country belongs).”³⁴

Defining Conflict

For this study, I define interstate conflict is defined as military war between two states or entities that represent their individual states with over 100 deaths in the conflict. The Correlates of War Project³⁵ assigns hostility levels of 1 to 5. (1=No militarized action, 2=Threat to use force, 3=Display of force, 4=Use of force, 5=War). According to Sarkees et al, war is defined as a conflict with at least 1,000 deaths of military personnel. By this standard, fewer than 100 interstate wars have been fought since 1815.³⁶ As Martin notes, the small number of warring country pairs inhibits the creation of truly robust estimates of war determinants.³⁷

Relationship between BTAs and Conflict

My criterion is to use examples in which two states that have gone to war with one another in the past have subsequently signed bilateral trade agreements. I will analyze the causes of the conflict, rationale for signing the trade agreement, and whether the effects of the BTA have reduced tensions and the likelihood of future military conflict

³⁴ Menon, 16

³⁵ Correlates of War Dataset: <http://www.correlatesofwar.org/>

³⁶ Sarkees, Meredith Reid and Frank Wayman (2010). *Resort to War: 1816 - 2007*. CQ Press.

³⁷ Martin, 12

between two states. My case studies will include China and Vietnam, which went to war in 1979 and signed a BTA in 2000 as well as Israel and Egypt which last went to war in 1973 and signed a BTA in 2004.

Sino –Vietnamese Relations:

Throughout history, China and Vietnam have a tenuous relationship marked by Vietnam's focus on maintaining its sovereignty and was colored by lengthy periods of Chinese conquest and domination. Centuries of Chinese rule starting from 111 B.C. had the dual effect of making the Vietnamese aristocracy more receptive to Chinese culture and cultural leadership while at the same time instilling resistance and hostility toward Chinese political domination throughout Vietnamese society.³⁸ The two country's shared modern experiences, namely their common exploitation by colonial powers and adaptations to communist ideology, did little to alter Vietnam's historical view of China. During the Cold War, the two states were bound by strategic and ideological ties, which were marked by China providing material and assistance to Vietnam during the Vietnam War against the United States. However, relations began to sour once again after Richard Nixon's 1972 visit to China which Hanoi called "the beginning of China's betrayal of Vietnam."³⁹ In the mid 1970's, both countries viewed Cambodia as a strategic interest and Vietnam's invasion of Cambodia was seen by China as conferring authority to the Soviet Union in which Vietnam was closely aligned with. From the Vietnamese perspective, China's stance proved that its ultimate purpose was to weaken Vietnam.

In 1978, the combination of the growing dispute over Cambodia, territorial and border disagreements, and Vietnam's treatment of its largest minority group, the 2

³⁸ Vietnam-The Chinese Millennium, US Library of Congress, 1987.

³⁹ Vietnam-China Relations, US Library of Congress, 1987.

million strong Hoa, or ethnic Chinese, increased tensions dramatically. Cracking down on the Chinese community because of its pervasive role in domestic commerce in the South and its alleged subversive activities in the North, the Vietnamese government action forced an unprecedented exodus of thousands of Hoa across the border into China, prompting Beijing to accuse Vietnam of persecuting its Chinese community and of breaking a 1955 agreement that called for the gradual and voluntary integration of the Hoa into Vietnamese society. The situation was aggravated when Vietnam denied landing privileges to three Chinese ships dispatched to evacuate Hoa seeking voluntary repatriation to China.⁴⁰

Relations further came to a head when China canceled its aid projects in Vietnam in July 1978. Vietnam responded with applying for and being admitted to the Soviet-dominated Council for Mutual Economic Assistance (Comecon) and signing a new Treaty of Friendship and Cooperation that called for mutual assistance and consultation in the event of a security threat to either country. The document also facilitated Soviet use of Vietnamese airports and port facilities. In return, it assured Vietnam of economic and military aid for the anticipated invasion of Cambodia and established the Soviet Union as a deterrent to possible Chinese intervention in Cambodia.

The 1960's and 1970's marked the Sino-Soviet split in which both China and the Soviet Union believed that their own forms of Communism were superior. Marked by mistrust and border skirmishes that killed up to 1,000 by 1969, the Soviet Union went as

⁴⁰ *ibid*

far as to warn Washington of its plans to "to wipe out the Chinese threat and get rid of this modern adventurer," with a nuclear strike, asking the US to remain neutral.⁴¹

All these factors prompted China to "teach Hanoi a lesson." A "self-defense counterattack," mounted by China along the Sino-Vietnamese border on February 17, 1979, ended less than a month later, on March 5, when Chinese leaders announced that their objectives had been met and proceeded to withdraw their forces. The Chinese attack came at dawn on the morning of 17 February 1979 using infantry, armor, and artillery. On March 5, the Chinese, saying Vietnam had been sufficiently chastised, announced that the campaign was over at the cost of about 50,000 deaths on both sides. China declared its "lesson" finished and the army's withdrawal was completed on March 16. Although noted as a strategic failure due to relatively small gains, it exposed Soviet assurances of military support to Vietnam as a fraud. Since Moscow did not actively intervene, the conflict showed the practical limitations of the Soviet-Vietnamese military pact and some suggest that China achieved a strategic victory by minimizing the future possibility of a two-front war against the USSR and Vietnam simultaneously.⁴² Although border skirmishes occurred until 1986, relations between China and Vietnam have improved considerably since Vietnam's withdrawal from Cambodia and the collapse of the Soviet Union in 1991.

Signing and Effect of the BTA

In 2000, the leaders of the Association of Southeast Asian Nations (ASEAN), of which Vietnam is a member, and China first discussed a potential trade agreement called the ASEAN-China Free Trade Area (ACFTA) in response to increasing levels of trade up

⁴¹ Osborn, Foster. USSR planned nuclear attack on China in 1969, The Telegraph, 13 May 2010.

<http://www.telegraph.co.uk/news/worldnews/asia/china/7720461/USSR-planned-nuclear-attack-on-China-in-1969.html>

⁴² Chinese Invasion of Vietnam, Global Security. <http://www.globalsecurity.org/military/world/war/prc-vietnam.htm>

to \$39.5 billion in 2000.⁴³ The goal was to reduce trade barriers to stimulate economic activity and maximize value. By 2008, trade reached \$192.6 billion and full implementation led to removal of all barriers in January 2010. It has become the world's third largest free-trade area with a combined GDP of \$6.6 trillion, a population of 1.9 billion and total trade of \$4.3 trillion, which accounted for half of the total trade of Asia in 2008.⁴⁴ In 2009, China's trade with Vietnam was estimated at \$20 billion, this increased to \$27 billion in 2010,⁴⁵ a 35% increase over the period of one year. As another benefit for Vietnam and other ASEAN countries, China recently launched a \$10 billion infrastructure investment fund to improve roads, railways, airlines and information telecommunications links and is also providing a \$15 billion credit facility to promote regional integration and regional connectivity.⁴⁶

The ACFTA signed in 2000 appears to have a positive effect on reducing future likelihood of conflict between China and Vietnam with the only major remaining issue being the waters around the Spratly and Parcel Islands. An initial agreement was signed in 2002 in which parties agreed to pursue a peaceful resolution to the disputes and to exercise self-restraint to avoid escalation.⁴⁷ The trend towards consolidating peace would be supported by Martin's assertion that FTAs work best towards minimizing conflict when the countries are geographically close.

Israeli-Egyptian Relations

⁴³ Tongzon, Jose L., ASEAN-China Free Trade Area: A Bane or Boon for ASEAN Countries?. *The World Economy*, Vol. 28, No. 2, pp. 191-210, February 2005

⁴⁴ ASEAN Secretariat, ASEAN-China Free Trade Area: Not a Zero-Sum Game. 7 January 2010.
<http://www.aseansec.org/24161.htm>

⁴⁵ Vietnam, China boost economic cooperation, *Voice of Vietnam*. 20 April 2011.
<http://english.vovnews.vn/Home/Vietnam-China-boost-economic-cooperation/20114/125906.vov>

⁴⁶ ASEAN Secretariat ASEAN-China Free Trade Area: Not a Zero-Sum Game

⁴⁷ Vietnam, China vow to work on disputed sea pact, *Agence France Press*, 21 April 2011
<http://sg.finance.yahoo.com/news/Vietnam-China-vow-work-afpsg-4285715956.html?x=0>

Since Israel's establishment in 1948, Israel and Egypt had been in a continual state of conflict until 1979 and fought five wars in the intervening period. The first episode of military conflict began in earnest after the establishment of the state of Israel. On May 15th 1948, Palestine was invaded by Egypt, Transjordan, Syria, Lebanon and Iraq: while the two contingents came from Saudi Arabia and Yemen. Although outgunned at first by the Arab adversaries, Israel was quickly able to mobilize a sizeable military force and equip themselves with arms from the Eastern bloc including former German Messerschmitt Bf 109 fighter planes from the Czechoslovakian Air Force. The Egyptian expeditionary forces and the Arab forces, as a whole, were hampered by incoherent lines of communication, the absence of reliable intelligence about their enemy, poor leadership, lack of coordination, and very poor planning. This allowed Israel to gain the upper strategic hand and expel the invading forces including the Egyptians from their early victories and territorial gains.⁴⁸ A ceasefire was established in January 7, 1949 but the lack of a peace treaty created a vacuum for simmering conflicts between Israel and its Arab neighbors. This grey area of diplomacy created space for a number of wars in succeeding decades such as the Six Day War as well as many of smaller scale military skirmishes.

The most recent episode of military conflict between Egypt and Israel was the Yom Kippur War in 1973 in which a coalition of Arab states led by Egypt and Syria attacked Egypt on the Jewish holiday of Yom Kippur. Israel managed to stem the tide of the war and turn a defensive war into an offensive war with forces moving in towards Damascus and Cairo before another ceasefire was agreed upon. As a result, Egypt and

⁴⁸ Eugene Rogan and Avi Shlaim, eds., *The War for Palestine: Rewriting the The United States and the Israeli-Palestinian Conflict History of 1948*. Cambridge: Cambridge University Press, 2001, 79-103.

Israel signed a peace treaty in 1979 which laid out plans to end the state of war as well as “acts or threats of belligerency, hostility or violence; the establishment of diplomatic, economic and cultural ties; the removal of barriers to trade and freedom of movement; and withdrawal by Israel from the Sinai peninsula, with agreed security arrangements and limited force zones.”⁴⁹ Israel followed up with its promises by withdrawing by the Sinai and removing its military bases. Egypt was ostracized for a time including a period when the headquarters of the Arab league shifted from Cairo to Tunis in protest by other member states.⁵⁰

Although continuously affected by episodes of violence between Israel and neighboring countries and groups, Egypt and Israel signed a BTA known as the Qualified Industrial Zone (QIZ) Agreement under which jointly produced goods can enter either country or the U.S. market without any duties or tariffs. The former US Trade Representative Robert Zoellick said it was the most significant agreement between Israel and Egypt in 20 years and that it builds support for Egypt’s reforming economy. During negotiations, it was estimated that 250,000 jobs would be created in Egypt, and increase Israeli exports by \$150 million a year.⁵¹ As a result of the QIZ, Israeli exports to Egypt grew 110% in 2005.⁵²

Effect of Agreement on the Likelihood of Conflict

While economic interdependence and trade has continued to increase, some sources still describe the relationship as a “cold peace” with the potential of deteriorating

⁴⁹ Peace Treaty Between Israel and Egypt, March 26, 1979. http://www.jewishvirtuallibrary.org/jsource/Peace/egypt-israel_treaty.html

⁵⁰ Israeli Cooperation with Arab Countries, Jewish Virtual Library. <http://www.jewishvirtuallibrary.org/jsource/Politics/Arabs.html>

⁵¹ Egypt signs trade deal with Israel, U.S. Associated Press. December 14, 2004, http://www.msnbc.msn.com/id/6711948/ns/business-world_business/

⁵² Ibid.

relations due to the end of the Mubarak regime. According to a 2006 poll, 92% of Egyptians saw Israel as an enemy nation.⁵³ Others are more optimistic that economic interdependence and trade will prevent conflicts with natural gas and textiles flowing freely between the two states.⁵⁴ Under the agreement, textile companies and other Egyptian exporters are able to sell more than \$1 billion worth of merchandise to the US free of charge as long as they use Israeli raw materials. Egypt also has additional economic incentives for maintaining good relationships with Israel because of the \$2 billion in aid it receives from the US in economic assistance every year. Adviser to former Israeli President Shimon Peres, Ruth Linde said that the “key to normal relations is economic and financial ties.”⁵⁵ Although it is unclear how the relationship will evolve, it does seem that the likelihood of military conflict has decreased due to the economic risks of escalating any conflicts. Although Israel has engaged in a number of small scale wars since 2006, none of the conflicts have been with Egypt, contrasting with five wars the states fought over the decades that preceded the BTA.

Israel’s trade agreements with Egypt and Jordan, countries that it has had four and three wars against, respectively, also reinforces that that countries that were previously in conflict are able to trade and potentially to sign FTAs as long as it is in their mutual economic and political interests.

Analysis

The historical examples of China and Vietnam along with Israel and Egypt demonstrate some trends:

⁵³ Egypt poll: Israel, Denmark, US – enemies. Agence France Press, November 1, 2006, <http://www.ynetnews.com/articles/0,7340,L-3322428,00.html>

⁵⁴ Mitnick, Joshua, Israel-Egypt trade links may help limit any rupture in ties. Christian Science Monitor. February 10, 2011. <http://www.csmonitor.com/World/Middle-East/2011/0210/Israel-Egypt-trade-links-may-help-limit-any-rupture-in-ties>

⁵⁵ Ibid.

1. Countries have the ability to sign bilateral trade agreements even if they have had episodes of military conflict in the past.
2. Trade increases dramatically after a BTA is signed and put into place.
3. Countries not only benefit from increased trade but also other benefits from entering into BTAs.
4. The countries used in the case studies show that although they have had military conflicts in the past, they have not had one after signing the BTA and there are no signs that there will be one in the near future.

From the case studies, it is clear to note that China and Vietnam as well as Israel and Egypt have had military conflicts in the past. This history did not preclude them from signing BTAs. Other examples of countries signing BTAs after episodes of conflict include: the US and Panama, Israel and Jordan, Iraq and Iran, Russia and Georgia, and Serbia against Bosnia, Croatia, Kosovo, Macedonia, and Montenegro. Therefore, there's a fair certainty that having an episode of military conflict does not preclude states from potentially signing BTAs with the other in the future. Martin notes that trade levels decrease dramatically between states during a conflict and do not recover for 17 years. It took China and Vietnam 21 years after conflict to sign their BTA and Egypt and Israel 31 years. However, there are exceptions to this as data also show that Russia and Georgia signed a BTA two years after their first episode of military conflict, and Serbia and Kosovo signed a BTA nine years after Kosovo's war of independence. Consistent examples of countries signing BTAs even after military conflicts and periods of profound differences would likely discount potential spuriousness of countries already inclined to have peaceful relationships will enter into FTAs, and not go to war with one another.

Bilateral trade between China and Vietnam increased 35% in the first year after full implementation while Israeli-Egypt trade has increased 24% between 2009 and 2011.

Israel imports nearly 40% of its natural gas from Egypt via an underwater pipeline, operated by the East Mediterranean Gas, an Egyptian-Israeli company. The two states signed a 20-year deal to ensure uninterrupted supply of natural gas.⁵⁶

Additionally, countries not only benefit from increased trade from BTAs, but accrue other benefits including geopolitical incentives, infrastructure development, and aid. For instance, China has invested in a number of development projects in Vietnam to improve its infrastructure and connectivity, which makes it a more competitive and attractive country for foreign direct investment (FDI). Israel has been able to cut military spending and stimulate its economic growth while Egypt continues to receive aid from the US to maintain good relations with Israel.

On the last finding, we find that neither China-Vietnam nor Israel-Egypt have entered into military conflicts after signing their respective BTAs. China and Vietnam have minimized the majority of their disagreements on ethnic and border issues with the Spratly islands the last major point of contention and an issue that is currently being discussed. There are not yet red flags to signify any changes to this trend of improving relations and increasing interdependence. On the other hand, the recent events in Egypt have created more instability in the relationship between the two states as some parties in Egypt seek to negotiate the terms of the natural gas Egypt exports to Israel.⁵⁷ Could this have an impact on the BTA and stability between the two states?

In terms of counterexamples, Russia is the only country that has had a military conflict with a country in which it had previously signed a BTA with but not before breaking the terms of the BTA beforehand. Following the war in Abkhazia with pitted

⁵⁶ Israel's exports to Egypt totaled US\$147 million in 2010, Israeli Central Bureau of Statistics (CBS). February 7, 2011

⁵⁷ Bar-Eli, Avi. Egypt to double price of Israel-bound natural gas. Haaretz, May 5, 2011.
<http://www.haaretz.com/news/diplomacy-defense/report-egypt-to-double-price-of-israel-bound-natural-gas-1.360013>

Russian forces against newly independent Georgia, the Russian Federation and the Republic of Georgia signed a Free Trade Agreement in 1994 that stipulates “sides to the agreement do not impose customs duties, taxes and charges having equivalent effect on export and import of commodity originated from the customs area of one of the Sides and designated for delivery to the customs area of another side.”⁵⁸ However, relations deteriorated and Russia imposed economic sanctions beginning in December 2005 first by restricting the exports of Georgian agricultural products to Russia and continuing with a ban on wine and mineral water imports in 2006, and severely limiting land and air transportation between the two countries.⁵⁹ This preceded the South Ossetia war in August 2008 in which Russia won and contested areas in Abkhazia and South Ossetia are still being held by Russian forces. Therefore, it may be possible that breaking the terms of the BTA as a result of a deterioration in relations as a possible predictor for future outbreaks of military conflict. However, this example comes with qualifications. Russia’s wars with Georgia over the disputed territories of Abkhazia and South Ossetia before and after signing the Georgia-Russia Free Trade Agreement demonstrates that military conflict, even after the establishment of a BTA is a possibility. On the other hand, both Russia and Georgia were a part of the Soviet Union until 1991. As Khan noted, poorly designed and implemented trade agreements can lead to heightened tensions between countries.

The WTO states that membership implies mutual assurance as agreements are negotiated by signatories and ratified by member parliaments. This thereby reduces trade

⁵⁸ Free Trade Agreement between Georgia and the Russian Federation.
www.worldtradelaw.net/fta/agreements/georusfta.pdf. February 3 1994.

⁵⁹ Livney, Eric. The Economic Impact of the Russian Trade Embargo on Georgia, ISET. 2009
http://www.iset.ge/files/russian_embargo_pdf.pdf

friction and the risk of disputes spilling into political and military sphere.⁶⁰ Indeed, all the countries examined in the case study are signatories but it seems that WTO membership does not preclude a state from potentially entering into conflict. Martin stated that multilateral trade often increases the likelihood for conflict due to the reduction of opportunity costs and weakens the incentive to make concessions during negotiations. His study is supported by the fact that a number of WTO members have directly been involved in military conflicts with each other on multiple occasions such as the participants of the Congo Wars as well as the Kargill War between India and Pakistan.

In summary, the experiences and evolution in relations between China and Vietnam along with Israel and Egypt show that countries that have had previous episodes of conflict are able to sign BTAs, that BTAs increase trade between states, that they not only increase trade but also bring a myriad of other benefits, as well as precluding them from entering into war as long as the conditions of the BTA are maintained, enforced, and respected by both parties.

Conclusion

When applied to the experience and prospects of relations between China and Taiwan, the prospects for peace look bright. The last military war the two states had was the Second Taiwan Straits crises in 1958, which precedes both the Sino-Vietnamese and Yom Kippur. Both states are members of the WTO and had previously signed BTAs with other states and have maintained peaceful relations with all of them. In June 2010, China and Taiwan signed the Economic Co-operation Framework Agreement, or ECFA, in Chongqing, China that will reduce and eventually eliminate almost all barriers to trade

⁶⁰ The WTO in brief, World Trade Organization,
http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr00_e.htm

and tariffs on goods and services produced between each state. Based on the evidence presented in the case studies, this should mean that trade should increase dramatically; there will also be possible additional benefits outside of trade including better relations, shifting of resources towards growth rather than defense, and mutual investments. In terms of the likelihood of conflict, the case studies suggest that the signing and implementation of the BTA should reduce the likelihood of conflict between the states as long as the terms of the BTA are respected and enforced by both sides.

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Chapter II: Does Trading Natural Resources Affect the Likelihood of Interstate and Intrastate Conflict?

In the last decades, increased globalization and interdependence has expanded trade dramatically. In general, bilateral trade agreements are generally shown to be a mitigating factor in conflict between nation-states.⁶¹ However, it is unclear whether the types of goods traded affect the propensity toward interstate and intrastate conflict. Upon examination of recent conflicts over preceding decades, it seems that certain countries with robust natural resources have often been mired in conflict. This paper examines whether trading natural resources increases the likelihood of armed conflict from both an interstate and intrastate perspective.

Trade and Conflict

Trade is understood as the exchange of goods and services in open markets with the idea of comparative advantages by two or more parties. It is positively correlated with economic gains, as actors often find that interdependence fosters economic cooperation through migration, tourism, and the promotion of exchanges creating a mutually beneficial economic relationship.⁶² Macroeconomics emphasizes that trade fosters prosperity because of comparative advantages that certain countries have due to their unique characteristics of producing a certain service or good ranging from geography, human capital, experience, etc. Is this the case for trading natural resources as well?

Trade Increases the Likelihood of Conflict

In contrast to scholars who find a positive correlation between trade and security, other have argued that trade can increase the prospect for conflict between states.

⁶¹ Mansfield, Edward D., and Eric Reinhardt. "International Institutions and the Volatility of International Trade." *International Organization* 62.04 (2008). 7

⁶² Rogerson, Kenneth. Information Interdependence: Keohane and Nye's complex interdependence in the information age. *Information, Communications, & Society*, Vol. 3 No. 3 415-436, 2000 (4)

Substantial levels of trade can also be disadvantageous to states, potentially inducing a loss of sovereignty and relinquishing a certain amount of control on activities that are typically governed by the State. For example, it could become more difficult to make foreign policy decisions relying on one's own national interests, as the wishes of partners have to be taken into consideration. A recent potential example could perhaps be the relinquishment of monetary policy tools for countries that have adopted the Euro. Outside interests and groups may have an increasing influence on the foreign policy-making process.⁶³ An increase in the importance of international transactions and the growth of multinational institutions have weakened government's control over some of its most important policy instruments, while the increase in economic interdependence has increased the risks of retaliation and adverse feedback through trade wars and eventual escalation.⁶⁴

Trade can be divisive and exclusive, and their terms can embed regional tensions and power imbalances. Particularly when negotiated between countries of differing economic power, trade agreements can exert powerful leverage on the political stability and economically weaker partner. This is often the case between resource rich countries where wealthier countries purchase natural resources and sell finished goods for a higher price, a common relationship between colonial powers and their colonies in history. It is still a ubiquitous arrangement in the relationship between more developed and lesser-developed countries as unfair, poorly designed and implemented trade arrangements can lead to heightened tensions between countries. At the same time, the political and

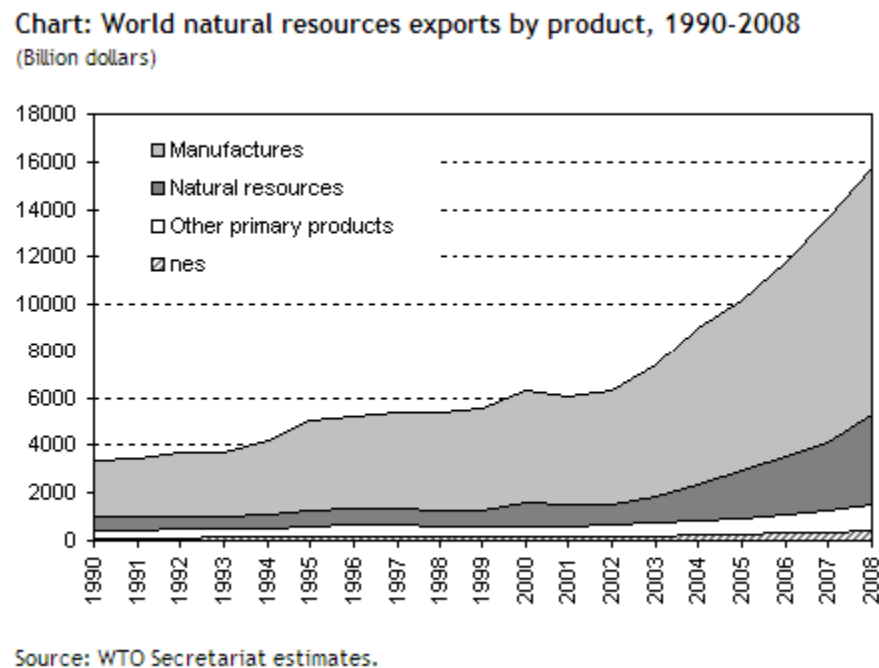
⁶³ Rogerson, Kenneth. Information Interdependence: Keohane and Nye's complex interdependence in the information age. *Information, Communications, & Society*, Vol. 3 No. 3 415-436, 2000

⁶⁴ Vernon, R 'Global interdependence in a historical perspective', in *Interdependence and Co-operation in Tomorrow's World*, Paris: OECD, 1987 <http://www.oecd.org/dataoecd/22/7/38301049.pdf> 27

economic adjustment costs involved in pursuing regional trade integration can undermine local livelihoods and create winners and losers, spurring competition between groups.⁶⁵

However, leaders majority of states are rational actors and will likely continually scan each other for signs that their relative power position is changing and will only cooperate when they expect that the gains that they will receive will be greater than, or at least equal to, the gains of all other relevant parties.⁶⁶

Figure 1: The Share of Trade by Products between 1990-2008



Trade Reduces the Likelihood of Conflict

Scholars that identify a strong correlation between trade and conflict note the majority of existing literature emphasizes that trade, especially in the form of agreements enhances market access for goods, services, and investments. In addition to liberalizing

⁶⁵ Khan, Shaheen Rafi. *Regional Trade Integration and Conflict Resolution*. London: Routledge, 2009 25

⁶⁶ Brown, Chris. *Understanding International Relations*. Basingstoke: Palgrave Macmillan, 2007 (49-50)

and increasing the flow of overseas commerce, these institutions are designed to stabilize and reduce volatility in changes in policy and flow of goods and services. Through constraining states from introducing new trade barriers with one another while fostering common policies, transparency, a synergy in expectations, standards, and stability is created that increases mutual trust between states more predictable with one another, thereby creating more trust and reducing tensions.⁶⁷

Additionally, commerce promotes peace because violence has substantial costs. Economically important trade reduces the likelihood of conflict because interstate violence adversely affects commerce. If conflict did not impede trade, economic players would be indifferent to risk and maximizing profits. Because conflict is costly, trade should reduce interstate violence. Otherwise, national leaders would be insensitive to economic loss and the preferences of powerful domestic actors. The economic cost of conflict should reduce the likelihood of military conflict, *ceteris paribus*, if national leaders are rational.⁶⁸

In his article “Conflict and Trade,” Solomon Polacheck finds that with all other variables remaining the same, countries with the greatest levels of economic trade engage in the least amounts of hostility. In fact, a doubling of trade on average leads to a 20% decrease in the likelihood of hostilities.⁶⁹

Ambiguous Relationship between Trade and Conflict

In contrast, other scholars discover the correlation between war and trade to be more uncertain and indeterminate. What may determine the likelihood of conflict may be

⁶⁷ Mansfield, Reinhardt. 7

⁶⁸ Hegre, Havard, John Oneal, and Bruce Russett. "Trade Does Promote Peace: New Simultaneous Estimates of the Reciprocal Effects of Trade and Conflict." *Journal of Peace Research* 47.6 (2010): 772

⁶⁹ Polacheck, Solomon. Conflict and Trade. *Journal of Conflict Resolution*, March 1980: 55

the geographical structure of trade and its balance between bilateral and multilateral openness. Many conflicts are preceded by crisis where one side attempts to convince the other to yield to their demands in the face of possible use of force. A state initiates a dispute in the hope of obtaining concessions from the target of its threat- “preferably gaining these concessions without having to go to war-and crises are contests of relative resolve.”⁷⁰ Neither side, however, can observe the other side’s resolve in totality. Therefore the effect of these two changes is indeterminate.⁷¹

Even in examples where trade is economically beneficial and leaders are rational, the presence of asymmetric information between two parties potentially increases the chance of the likelihood of conflict. The probability of escalation is lower for countries that trade more bilaterally because of the opportunity cost associated with the loss of trade gains. However, countries more open to global trade have a higher probability of war because multilateral trade openness decreases bilateral dependence to any specific country and the cost of a bilateral conflict since states would theoretically have alternative trading partners to sustain their economies.⁷² In essence, bilateral trade deters bilateral war because it increases the opportunity cost of war, simply put it countries have more to lose by finding.⁷³ In contrast, multilateral trade openness can be correlated with greater likelihoods of conflict because it weakens the incentives to make concessions during negotiations to avert escalation and therefore increases the probability of war

⁷⁰ Morrow, J. D. *How Could Trade Affect Conflict?* 482

⁷¹ Ibid Abstract

⁷² Martin, Philippe, Thierry Mayer, and Mathias Thoenig. "Make Trade Not War?" *Review of Economic Studies* 75.3 (2008): 865

⁷³ Martin, Thierry, Thoenig 894

between any given pair of country. An increase in trade between two countries pacifies relations between those but increases the probability of conflict with third countries.⁷⁴

Conceptually, trade reducing the probability of military conflict in proximate countries can be traced back as early as Emmanuel Kant's *Essay on Perpetual Peace* (1795).

*The spirit of trade cannot coexist with war, and sooner or later this spirit dominates every people. For among all those powers (or means) that belong to a nation, financial power may be the most reliable in forcing nations to pursue the noble cause of peace (though not from moral motives); and wherever in the world war threatens to break out, they will try to head it off through mediation, just as if they were permanently leagued for this purpose.*⁷⁵

Although some say that the European trade integration process is an example of trade mitigating conflict; countries in Europe were relatively well integrated in terms of trade prior to World War I with states enjoying comparative policy transparency and convergence in expectations, standards, and stability: all indicators that scholars who promote the idea of trade fostering peace correlate as indicators for reducing the likelihood of conflict.

In practice, globalization in recent decades has accelerated in recent decades as more countries have traded an increasing array of goods; there has been no clear evidence of a notably lower prevalence of military conflicts. Events such as the breakup of the Soviet Union and Yugoslavia caused markets that were once unified to the disaggregate

⁷⁴ Ibid 894

⁷⁵ Kant, Immanuel. *Perpetual Peace*. Hackett Publishing 1983, Indianapolis, (125)

and a greater number of sovereign states may increase the likelihood of any given state engaging in conflict with another.

Overall Relationship between Trade and Conflict

The overall relationship established between trade and conflict is indeterminate as the literature fails to reach a consensus on the broader effect of trade on the likelihood for conflict. The differences can be summarized as: (1) trade decreases the likelihood of conflict; (2) trade has ambiguous effect on the likelihood of conflict; and (3) trade increases the likelihood of the conflict. Scholars such as Mansfield, Hegre, and Polacheck contend that interdependence and institutions between states are correlated with cooperation and peaceful coexistence. Morrow and Martin find that the relationship is relatively ambiguous depending on specific cases while Vernon and Kahn's research demonstrates that it increases the likelihood of conflict. While bilateral trade may mitigate the likelihood of conflict, the types of traded goods may have a negative impact given the uneven relationships between industrialized and developing countries.

Relationship between Trading Natural Resources and Conflict

In contrast to the generally ambiguous relationship between trade and conflict, there's seemingly a consensus on trading natural resources as a factor in increasing the likelihood of conflict. Numerous countries with a wealth of natural resources have had recent episodes of violent conflict, especially if they are less developed and poorly governed. Theoretically, trading countries should experience a welfare gain since conflict hampers trade by raising costs. Therefore, countries with significant trade relations should engage in less conflict, because they are most threatened by welfare losses associated with lost trade. However, the strategic importance of the traded

commodity should not be understated, as conflict is likely to be most sensitive to the trade of commodities particularly strategic to economies.⁷⁶ While war is very bad for trade, and trade is very bad for war, certain patterns of trade could perhaps fuel the grievances that cause wars. Resources that utilize scarce land resources such as natural resources and cash crops can ignite a struggle over access to this wealth, especially in areas that are contested by multiple entities. The discovery of oil has led to a number of wars as well as added fuel to separatist movements in countries such as Sudan and Nigeria.⁷⁷

Ideally, trade and investment should promote a widespread and equitable distribution of economic resources. Instead, there are often implicit agreements between multinational corporations and local elites. Under these arrangements, the outside party cheaply obtains resources enriching their counterparts that perhaps perpetuate the growth and continuation of despotic regimes. This contributes to resentment and sometimes rebellion that may empower local leaders to perpetuate in rebellion to order increase their power.⁷⁸

One scholar, Michael Ross notes significant trends between the relationship between natural resources and conflict depending on the nature of the resources. His research finds that oil increases the likelihood of internal conflicts, while ‘lootable’ commodities like gemstones and drugs do not increase the likelihood but tend to lengthen

⁷⁶ Polacheck 70

⁷⁷ Keen, David. Conflict, Trade and Economic Agendas. Committee for Conflict Transformation 19 <http://www.ccr.org/ccts/ccts19/agendas.htm>

⁷⁸ Keen

existing conflicts and that there's no apparent link between legal agricultural commodities and civil war.⁷⁹

Hypothesis

This paper seeks to understand whether trading certain types of natural resources definitively increase the likelihood of armed conflict. I hypothesize that trading natural resources increase the likelihood of interstate and intrastate conflict. From an interstate perspective, natural resources are finite and states will secure them using means at its disposal including by force if they lack alternatives, especially when the resource is necessary for the country's survival and growth. From an intrastate angle, natural resources can be a driving force for groups to initiate and sustain conflicts, higher rewards often motivate players to take higher risks. This could be especially prevalent in fragile states where institutions are weak with few channels of airing grievances beyond violence to seize a greater proportion of a zero sum game.

Natural Resource Curse

There's quite a bit of literature on the link between natural resources and violent conflict found that countries face substantially higher risks of conflict and poor governance if they are highly dependent on primary commodities.⁸⁰ Macartan Humphries and others find that countries with large endowments of natural resources, such as oil and gas, often do worse than their poorer neighbors. Their resource wealth frequently leads to lower growth rates, greater volatility, more corruption, and, in extreme cases, devastating civil wars. To deal with us, countries must initiate institutional innovations to align the

⁷⁹ Ross, Michael *Mineral Wealth, Conflict, and Equitable Development*. UCLA 2007 <http://www.sscnet.ucla.edu/polisci/faculty/ross/MineralEquitableDev.pdf> 202-204

⁸⁰ Bannon, Ian and Paul Collier. *Natural Resources and Violent Conflict: Options and Actions*. World Bank Washington DC, 2003 ix

incentives of key domestic and international actors, and this requires fundamental political changes and much greater levels of transparency than currently exist.⁸¹

Collier and Goderis find that Commodity booms have positive short term effects on output, but adverse long-term effects. They find that the resource curse is avoided by countries with sufficiently good institutions.⁸² Authors note that too much reliance on the export of a few commodities worsen the Dutch Disease which notes that resource exports drive up the value of a country's currency rendering other exports less competitive.

Others disagree, Brunnschweiler's analysis shows that a positive empirical relationship between natural resource abundance and economic growth especially for subsoil wealth. Their research how no evidence of negative indirect effects of natural resources through official channels.⁸³ Charles Kenny notes that for every Gen. Sani Abacha skimming billions off Nigeria's oil wealth, there is a Field Marshal Idi Amin massacring Ugandans by the thousands without the aid or incentive of significant mineral resources. He concludes that countries that rely on natural resources for a large part of their output are indeed cursed -- by poor quality government and an institutional environment that stifles the growth of manufacturing and services. They won't necessarily get any poorer or more unstable thanks to their massive mineral reserves. improving institutions through greater transparency and oversight -- makes sense regardless. *All* governments should be more transparent and increase the flow of resources to communities, no matter what's under their land. Blaming oil wealth for poverty, though, is like blaming treasure for the

⁸¹ Humphries, Macartan. Jeffrey Sachs & Joseph Stiglitz. Escaping the Resource Curse. Columbia University Press. 7/1/2007.

⁸² Collier, Paul and Benedikt Goderis. Commodity Prices, Growth, and the Natural Resource Curse: Reconciling a Conundrum

⁸³ Brunnschweiler, Christa. Cursing the Blessings? Natural Resource Abundance, Institutions, and Economic Growth. World Development. March 2008, Pg 399-419.

existence of pirates.⁸⁴ All of the literature highlights the importance of transparency and institutional quality to prevent resource capture.

From the literature supporting the notion of natural resource curse, violence-inducing commodities include oil, timber, as well as hard rock materials such as coltan, diamonds, gold, along with gemstones. Earnings from the exploitation of natural resources, whether gained legally or illegally, have financed devastating conflicts that have destroyed decades of development work and have had long-term negative economic, social, political, and regional consequences.⁸⁵ Other factors that they note to partly account for conflict include per capita income, rate of economic growth, dependence on primary commodity goods,⁸⁶ as well as production of oil or deep shaft minerals, mountainous terrain, and having distinct ethnic groups.⁸⁷

While the risk of conflict decreases with greater income and rate of economic growth, the relationship is inversely proportional when it comes to trading natural resources. Figure 1 shows that the risk of conflict is 30% when commodity exports account for 25% of the economy, this goes down to 11% when exporting commodities accounts for 10% of the economy. This demonstrates a relatively linear and positively correlated relationship between trading primary commodities and the likelihood of potential civil war.

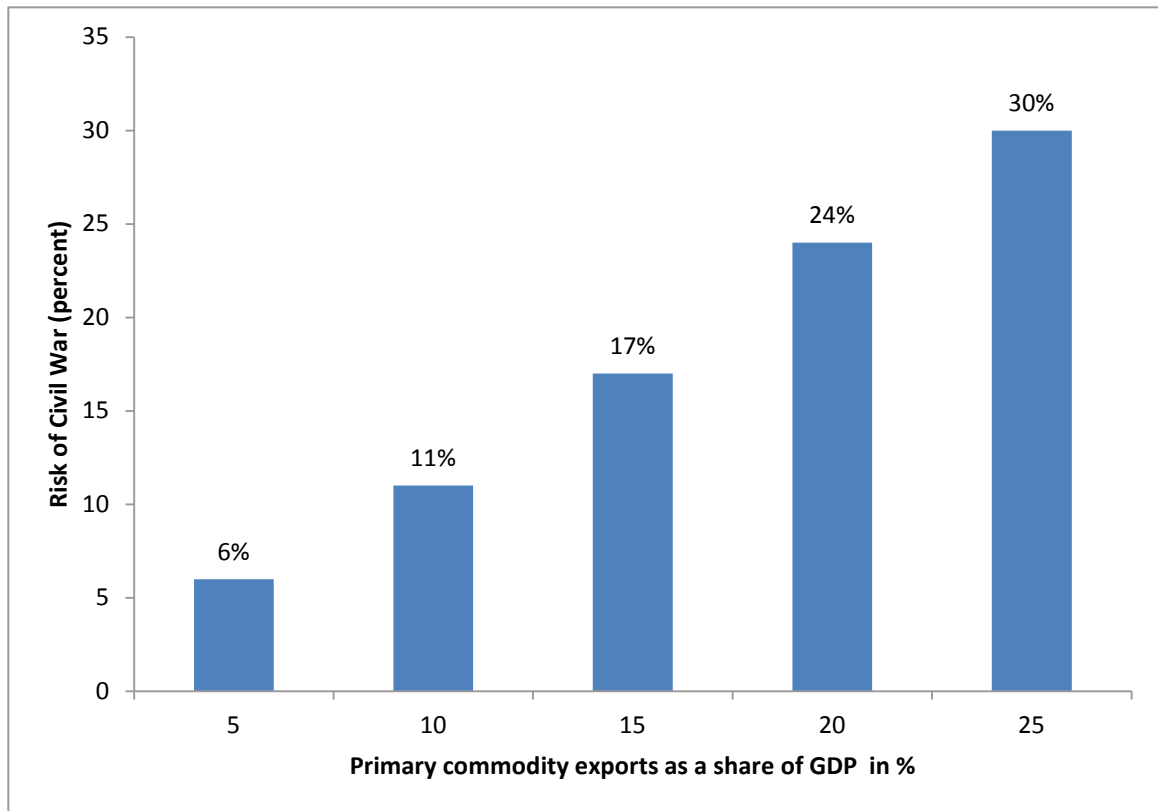
Figure 2: Risk of Civil War based on Primary Commodity Exports

⁸⁴ Kenny, Charles. What Resource Curse? Foreign Policy. Dec 6, 2012.
http://www.foreignpolicy.com/articles/2010/12/06/what_resource_curse

⁸⁵ Ibid. 2

⁸⁶ Collier, Hoeffler (2003)

⁸⁷ Ross 194



Source: Bannon, Collier. Natural Resources and Violent Conflict. Pg. 3

Exacerbating Inequalities

Theoretically, mineral wealth should offer governments an opportunity to boost economic growth and reduce inequality. Ross finds that all episodes of conflict in mineral rich countries have occurred in countries where average incomes are below US\$11,175 or the level of Trinidad and Tobago (See Table 1). Wealthy mineral-dependent countries such as Kuwait, Norway, and Qatar have seen incomes grow dramatically and have avoided conflict, while lower income countries have been more susceptible to war. However, recent unrest in the Middle East and North Africa have occurred in high income countries such as Libya and Bahrain so it is likely that high incomes as an indicator of peace has been called into question due to the existence of these counter examples.

Natural resources have, in many cases, exacerbated inequalities that lead to and perpetuated violent conflict⁸⁸ such as in Papua New Guinea, Angola, and Algeria which have been plagued by internal conflicts.⁸⁹

Conflict has been especially acute in Africa where high levels of inequality and low income per capita incomes are common across many countries on the continent. Even as trade and the value of goods have increased considerably, episodes of civil war responsible for causing more than 1000 deaths increased from 7 in the 1970s to 14 in the 1990s.⁹⁰

Does it matter what Natural Resources you trade?

Strategic goods with fewer substitutes such as minerals and fuels have a higher effect on the propensity of conflict than goods that have more substitutes such as agricultural product and machines. Ross divides minerals and other commodities into two groups: lootable minerals and unlootable minerals. Lootable goods are those that are easily extracted with limited requirements such as gemstones while unlootable minerals such as oil require large investments and skilled labor.⁹¹ He emphasizes that unlootable have a greater likelihood to be connected to secessionist wars as they provide fewer jobs to local labor with profits going elsewhere and creating resentment in local communities.⁹² Indeed, the discovery of oil has encouraged separatist movements in countries as diverse as Nigeria, Sudan, and Scotland.⁹³

⁸⁸ Ross, Michael. *Mineral Wealth, Conflict, and Equitable Development*. UCLA 2007 <http://www.sscnet.ucla.edu/polisci/faculty/ross/MineralEquitableDev.pdf> 193

⁸⁹ Ross 198

⁹⁰ Bannon, Collier. 17-19

⁹¹ Ross 202

⁹² Ibid 204

⁹³ Keen, David. Conflict, Trade, and Economic Agendas <http://www.c-r.org/ccts/ccts19/agendas.htm>

In contrast, unlootable materials are typically smaller and scale and require less expertise such as diamonds.⁹⁴ These resources can contribute significantly to the private sector of many economies in Africa.⁹⁵ In 1999, the value of conflict diamonds was estimated to be worth \$225 million with the United States purchasing half of the stock. However, diamonds originating from areas without supervision often finance violent activities and can become a significant threat to stability.⁹⁶ The trade in these illicit stones has fuelled decades of devastating conflicts in various African countries.⁹⁷ Mining stones do not require expensive equipment or supervised work forces; they can be smuggled into neighboring countries with false paperwork.

Governance

It is clear from the literature that transparent are important. Ross notes that there are important differences, however, between stable democracies and new ones: new democracies are often unstable and may raise unrealistic expectations, which, in turn, can lead to violence.⁹⁸ This could have implications for the revolutionary movements currently underway in the Middle East and North Africa; especially those that have lower incomes per capita such as Egypt and Yemen.

Table 1: Ranking of High Mineral Dependence Countries

Ran k	Country	Mineral Dependence*	Conflict years, 1990-2000
1	Bahrain	63.44	0
2	Qatar	53.37	0
3	Iraq	50	7
4	Turkmenistan	49.91	0

⁹⁴ Ibid 205

⁹⁵ Ross 205

⁹⁶ Hofstatter, Benjamin. Liberia: Trade, Environment, and Conflict. <http://www1.american.edu/ted/ice/liberia-diamonds.htm>

⁹⁷ Kimberly Process, From Conflict Diamonds to Prosperity Diamonds
http://www.kimberleyprocess.com/home/index_en.html

⁹⁸ Ross 194

5	Gabon	48.83	0
6	Nigeria	48.75	0
7	Saudi Arabia	44.74	0
8	Papua New Guinea	41.52	6
9	Trinidad and Tobago	41.16	1
10	Congo, Rep. of	41.07	5
11	Brunei Darussalam	37.65	0
12	Kazakhstan	36.11	0
13	Libya	35.91	0
14	Algeria	35.75	10
15	Botswana	35.1	0
16	Kuwait	32.41	0
17	Azerbaijan	28.83	4
18	Angola	27.88	11
19	Zambia	27.12	0
20	Liberia	26.76	7
21	Norway	25.97	0
22	Oman	26.65	0
23	Iran, Islamic Rep. of	25.55	8
24	Mongolia	25.45	0
25	Russian Federation	25.38	8
26	Venezuela	23.54	1
27	Yemen	22.32	1

Source: Michael Ross' construction from *Mineral Wealth, Conflict, and Equitable Development*, page 195. "Data on violent conflict come from the *Armed Conflict Dataset 2007* maintained by the *Uppsala Conflict Data Program* at the *Department of Peace and Conflict Research*, *Uppsala University*, Sweden, and the *Centre for the Study of Civil War* at the *International Peace Research Institute in Oslo*, Norway."

a. "A country's mineral dependence is calculated as its mineral exports divided by its gross domestic product, multiplied by 100."

b. "This column indicates how many years from 1990 to 2000 were marked by violent conflict."

Table 1 lists mineral dependent countries along with years of conflict. Twelve out of the 27 countries have all experienced episodes of conflict with the Republic of Congo and Iraq experiencing both interstate and intrastate conflict.

Interstate Conflict:

For this study, I define interstate conflict is defined as military war between two states or entities that represent their individual states with over 100 deaths in the conflict. The Correlates of War Project⁹⁹ assigns hostility levels of 1 to 5. (1=No militarized action, 2=Threat to use force, 3=Display of force, 4=Use of force, 5=War). Sarkees et. al further defines war as conflict with at least 1,000 deaths of military personnel. Using this standard, fewer than 100 interstate wars have been fought since 1815.¹⁰⁰ To increase the richness of the dataset, I have reduced the threshold to 100 deaths of military which would encompass some characteristics of the COW's hostility level of 4.

Since 1985, there have been 28 recorded episodes of interstate conflict causing more than 100 deaths (Table 2).¹⁰¹

Table 2: Episodes Interstate Conflicts with over 100 deaths since 1985

(Compiled from the correlates of war dataset)

Years	Name of War	Belligerents
1. 1987-1993	First Intifada	(Israel & Gaza)
2. 1988-1989	Thai Laotian Border War	(Laos & Thailand)
3. 1988-1994	Nagorno-Karabakh War	(Armenia & Azerbaijan)
4. 1989-1991	Mauritania-Senegal War	(Mauritania & Senegal)
5. 1989-1990	US Invasion of Panama	(US & Panama)
6. 1990	Iraq's Invasion of Kuwait	(Iraq & Kuwait)
7. 1990-1991	Gulf War	(US & against Iraq)
8. 1991-1995	Croatian Independence	(Croatia & Yugoslavia)
9. 1992-1992	War of Transnistria	(Russia & Moldova)
10. 1992-1993	War in Abkhazia Russia	(Russia & Georgia)
11. 1992-1995	Bosnian War	(Bosnia & Serbia)
12. 1994-1996	First Chechen War	(Russia & Chechen Republic)
13. 1996-1997	First Congo War	(African Coalition & Zaire)
14. 1998-1999	Kosovo War	(US/NATO & FR Yugoslavia)
15. 1998-2000	Eritrean-Ethiopian War	(Ethiopia & Eritrea)
16. 1998-2003	Second Congo War	(Coalition & Coalition)

⁹⁹ Correlates of War Dataset: <http://www.correlatesofwar.org/>

¹⁰⁰ Sarkees, Meredith Reid and Frank Wayman (2010). *Resort to War: 1816 - 2007*. CQ Press.

¹⁰¹ Data gathered from the Correlates of War Dataset: <http://www.correlatesofwar.org/>

17. 1998	Bombing of Iraq by the US	(US & Iraq)
18. 1998	Kargill War	(India & Pakistan)
19. 1999	Second Chechen War	(Russia & Chechnya)
20. 2001-Present:	War in Afghanistan	(US & Afghanistan)
21. 2002	Operation Defensive Shield	(Israel & Hamas)
22. 2003	Iraq War	(US Coalition & Iraq)
23. 2004	Operation Days of Penitence	(Israel & Hamas)
24. 2006	Israel-Gaza conflict	(Israel & Gaza)
25. 2006-2009	War in Somalia	(Coalition & Coalition)
26. 2008	Operation Hot Winter	(Israel & Hamas)
27. 2008	South Ossetia War	(Russia & Georgia)
28. 2008-2009	Gaza War	(Israel & Hamas)

Out of the 27 heavily mineral dependent countries (defined in Table 1), only three have been involved in episodes of interstate conflict. These countries are Russia, Iraq, and Kuwait, which collectively account for 10 out of the 28 episodes of conflicts or 35.7% of the dataset. Out of the five countries involved in the greatest episodes of conflict, both Iraq and Russia are heavily mineral dependent and experienced nine episodes of interstate conflict between the two states (32.8% of the list). However, when researching the root causes of the conflicts, the vast majority of the conflicts stem from border disputes, ethnic disharmony, and historical grievances.

There is only one episode of conflict can be circuitously tied to securing natural resources, the Iraqi invasion of Kuwait in 1990, and in that incidence, there are many cultural, linguistic, historical, and commercial differences and grievances that could provide alternative explanations for conflict.

The Sole Exception: Iraq's invasion of Kuwait

Iraq's invasion of Iran in 1980 over border disputes, Shia insurgencies, and regional hegemony was hugely was hugely costly for both states. The eight-year war left up to a million deaths and huge economic losses.¹⁰² During this time, Iraq's \$30 billion

¹⁰² Iran-Iraq War (1980-1988) Global Security.org <http://www.globalsecurity.org/military/world/war/iran-iraq.htm>

dollars in surpluses decreased to \$70 billion in debts in which much of it was borrowed from its neighbors Kuwait and Saudi Arabia. According to Iraq, Kuwait stole billions of dollars' worth of Iraqi oil from the Rumaila oil fields through slant drilling across the border between the two states.¹⁰³ Iraq also accused Kuwait of overproducing OPEC set quotas depressing global prices as a pretext for the invasion.¹⁰⁴ Whatever the intentions, the subsequent Gulf War pushed Iraqi forces away from Kuwait and established sanctions and no fly zones in Iraq. The subsequent American attacks on Iraq in 1998 and 2003 were centered on Iraq's alleged weapons of mass destruction program and there were no US pronouncements of oil as reasons for military intervention.

Table 3: Countries Involved in the Greatest Episodes of Interstate Conflict

States	Episodes of interstate military conflicts since 1985
The United States	6
Israel	6
Russia	5
Iraq	4
FR Yugoslavia (now Serbia)	4

Source: Correlates of War Dataset

Given that only one out of 28 episodes of interstate conflict since 1985 has been explicitly related to oil, it is clear that trading natural resources has little effect on the likelihood of the outbreak of interstate conflict. Based on research on individual cases of

¹⁰³ El-Ebraheem, Hassan. The Gulf Crisis: A Kuwaiti Perspective: An Interview with Hassan Al-Ebraheem. *Journal of Palestine Studies*, Vol. 20, No. 2 (Winter, 1991), pp. 94-99. <http://www.jstor.org/stable/2537201> . (95)

¹⁰⁴ Mearsheimer, John. Stephen Walk. An Unnecessary War. *Foreign Policy Magazine*, Jan/Feb 2003. <http://www.mtholyoke.edu/acad/intrel/bush/walt.htm>

interstate conflict in Table 1, countries are more likely to into war over factors such as border disputes, ethnic and religious difference, and other variables rather than the trading of natural resources in itself.

Intrastate Conflict

Out of the 36 cases of civil wars (defined as at least one thousand battle deaths) that Collier and Hoeffler identify that began or were in progress between 1990 and 2000,¹⁰⁵ Ross identifies 13 of them being linked to resource wealth which accounts for over 36% of the conflicts.¹⁰⁶ Compared to 1 out of 28 cases of resources linked to interstate conflict, the relationship between trading natural resources and conflict is considerably more robust for intrastate countries.

How do resources exacerbate conflict? Although rebel groups are ubiquitous around the world, sustainable financing is necessary for maintaining a rebellion. Natural resources provide sustainable financing against the state or opposing parties. Natural resources produce unusually large profits and their production is tied to a specific location, therefore, it can be easily looted or extorted.¹⁰⁷ Many groups have financed themselves through selling natural resources especially those that can easily be exploited by a minimal workforce with limited training such as coltan, gemstones, and timber. There are seven notable examples including UNITA in Angola, the Northern Alliance in Afghanistan, and Revolutionary United Front in Sierra Leone.¹⁰⁸

Sierra Leone

¹⁰⁵ Collier, Paul, and Anke Hoeffler. 1998. On Economic Causes of Civil War. *Oxford Economic Papers*, 50 (4):563–73

¹⁰⁶ Ross, Michael. How Do Natural Resources Influence Civil War? Evidence from Thirteen Cases. *International Organization* (2004), 58 : pp 35-67. 09 March 2004 55.
<http://journals.cambridge.org/action/displayFulltext?type=1&fid=197306&jid=INO&volumeId=58&issueId=01&aid=197304&bodyId=&membershipNumber=&societyETOCSession=>

¹⁰⁷ Bannon, Collier 31

¹⁰⁸ Ibid 31

In 1991, the Revolutionary United Front crossed into Sierra Leone with support from Liberian president Charles Taylor.¹⁰⁹ Under the guise of freeing rural areas from resource exploitation by the government, the group fought for control of land in diamond rich Southeastern Sierra Leone and looted exiting diamond traders.¹¹⁰ The sales of mineral resources exacerbated a volatile situation where thousands were killed and hundreds of thousands faced starvation and ongoing hardship for refugees in refugee camps.¹¹¹ Resources have fueled conflict causing a humanitarian and an environmental crisis.

Democratic Republic of the Congo

The Democratic Republic of the Congo has seen perpetual conflict since 1996 with millions of deaths and a humanitarian nightmare as citizens face violence, lack of health services and food. It is a country blessed with many minerals, one of which is coltan (columbite–tantalite) used in many electronic devices in which use has increased considerably given the growth and increasing ubiquity of mobile phones and hand held devices. However, increasing demand has increased the value of the commodity and is a source of instability and conflict in the DRC as much of it is illegally mined and sold by profiting armies and rebel forces.¹¹²

The mineral sold onto international markets after demand increased with many firms importing imported coltan from the DRC via Rwanda for use in Europe, Asia, and the United States. It is almost impossible to trace the source once the product is sold.

¹⁰⁹ Hofstatter, Benjamin. Liberia: Trade, Environment, and Conflict. <http://www1.american.edu/ted/ice/liberia-diamonds.htm>

¹¹⁰ Ross, Michael. How Do Natural Resources Influence Civil War? 55. <http://journals.cambridge.org/action/displayFulltext?type=1&fid=197306&jid=INO&volumeId=58&issueId=01&aid=197304&bodyId=&membershipNumber=&societyETOCSession=>

¹¹¹ Hofstatter

¹¹² Montague, Dena. *Stolen Goods: Coltan and Conflict in the Democratic Republic of Congo* SAIS Review 22.1 (2002) 103-118

There's currently no oversight on the trade of coltan as it lacks any sort of certification mechanism that would prove its origin, as is currently being internationally implemented for conflict diamonds.¹¹³

Potential Options Mitigating Resources and Conflict?

In response to these conflicts, countries created the Kimberly Process to mitigate the trade of conflict diamonds. It is a joint government, industry and civil society initiative to stem the flow of conflict diamonds – rough diamonds used by rebel movements to finance wars against legitimate governments. The Kimberley Process Certification Scheme (KPCS) imposes extensive requirements on its members to enable them to certify shipments of rough diamonds as 'conflict-free'. "As of December 2009, the KP has 49 members, representing 75 countries, with the European Community and its Member States counting as an individual participant."¹¹⁴

However, the standards seem difficult to enforce especially in conflict areas and states with lack of credible governance structures and oversight. Diamonds enjoy an insatiable demand due to its profitability. The Congo government's ban on trade in conflict minerals has met with little success as trade in North Kivu remains dominated by a mafia network that connect the mines to international markets.¹¹⁵

How to Reduce Reliance on Natural Resources to Promote Peace

Structurally, governments, firms, and local communities should promote openness and information sharing, establish multi-stakeholder dialogues before projects begin, and strive to protect human rights and security for local communities to avoid violent conflict

¹¹³ Ibid 115

¹¹⁴ Kimberly Process

¹¹⁵ Matsiko, Mary. Trade in conflict minerals continues in Congo despite ban: report. Platts <http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Metals/8481985>

in the extractive region.¹¹⁶ All this should also strive to reduce inequality and encourage investment in non-mineral sectors (such as manufacturing and agriculture) that could promote more equitable forms of growth.¹¹⁷

To reduce the likelihood of conflict due to trading commodities, countries can diversify resources through a number of policies to mitigate the reliance of countries on a single source of income. Governments and policy makers can also consider better ways to smooth revenue flows including long-term contracts and insurance mechanisms due to volatility in resource prices exacerbate the likelihood of conflict.¹¹⁸ In terms of an international legal framework, controlling illicit resource flows such as conflict diamonds through the Kimberly process in which the diamond industry only trades certified diamonds from legitimate sources. This has not yet been broadened to other minerals such as rubies, sapphires and coltan.

In addition to resource specific standards such as the Kimberly act, initiatives such as the Conflict Minerals Trade Act of 2009, introduced in the United States House of Representatives by Congressman Jim McDermott (D-Washington), could help develop the means to ensure that the multimillion dollar trade in minerals from eastern Congo stops financing the world's deadliest conflict since World War II. It would also help raise awareness about the issue to both the public and policy makers.¹¹⁹ However, given the current political climate in the US, it is unlikely that this will be a priority in the near future and there would be difficulties in implementation in reach as Matsiko highlighted in the continued trade of certain resources even after sanctions are imposed.¹²⁰

¹¹⁶ Ross 205

¹¹⁷ Ibid 212

¹¹⁸ Bannon, Collier 24

¹¹⁹ McDermott, James. Conflict Minerals Trade Act. <http://www.opencongress.org/bill/111-h4128/show>

¹²⁰ Matsiko, <http://www.platts.com/RSSFeedDetailedNews/RSSFeed/Metals/8481985>

Correlation Does Not Imply Causation

The concept signifies and emphasizes that a correlation between two variables does not necessarily mean that one causes the other. The relationship between trading primary resources and intrastate conflict could be caused by other variables such as state weakness, corruption, lack of institutions, large divisions in society between ethnic groups, religions, and historical grievances. However, the causes of conflict are almost always multifaceted based on complex decision making processes between different players and the data does support the notion that countries that are low in income and rely on natural resources have more intrastate conflict due greater economic potential to purchase arms and receive more financial gains from securing power.

Conclusion

Based on the literature and case studies, my hypothesis that countries that trade natural resources are more likely to be involved in conflict is only partially correct. In terms of interstate conflict, competition for natural resources is only one of many variables that factor into the complex decision making process that leaders often undertake before engaging in armed conflict with another state. Given that only one out of 28 episodes of interstate conflict can be attributed to the trading of natural resources, it is unlikely that it is a major factor for conflict.

However, trading natural resources is highly correlated with intrastate conflict increasing the likelihood and severity of conflict especially in states that are impoverished and have high levels of inequality. High levels of natural resource trading can potential sustain the rule of autocracies, finance insurgency groups, and allow third

parties to fan the flames of conflict. This is apparent in weak states with poor institutions, low levels of transparency, and high levels of corruption. In order for countries to mitigate the likelihood for intrastate conflict, they should seek to reduce their reliance on the trading of primary commodities, focus on investing in non-lootable resources, as well as foster more transparency, stronger institutions, and better governance coupled with economic development so that their economies overcome the “conflict” hump in per capita income levels of \$11,400. When trading, countries can also tap into third party arbitrators such as the World Bank that enforces certain treaties such as the Aynak mine in Afghanistan and can be useful in reviewing bids by prospective resource exploration firms and choosing in the best of the country.

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Chapter III: Does Human Migration Affect the Likelihood of Interstate Conflict?

Over 216 million people currently live outside of their country of birth. This is equivalent to 3.15% of the world's population, or more than 2/3rds of the population of the United States. With so many people on the move, they bring with them a rich mixture of cultures, experiences, and perspectives. They may attain new knowledge and skills through education or fill labor gaps in their countries of residence and have the potential to create new ties between two places.

What is the relationship between migration and globalization? How do human migration patterns affect interdependence? Where are they moving from? Where are they moving to and why? As migration trends continue to increase in number the globalizing world, this chapter seeks to explore whether high levels of migration between countries affect their level of interdependence and in turn, their likelihood for conflict. Do these bridges between countries through people to people exchanges foster increased ties and in turn, reduce the likelihood of conflict between countries? Alternatively, do large numbers of migrants create a struggle for resources that exacerbate conflicts between countries and increase the likelihood of conflict?

From the beginning of recorded history, people have continuously migrated across the globe in search of resources, opportunities, and the fulfillment of aspirations. While the means and the dynamics of changed, this chapter seeks to explore contemporary motivations and dynamics of migration and its effect on trade levels and conflict since 1990.

The chapter will be organized by first exploring the different facets of migration and various theories that seek to explain its motivations and effects on countries and their

relations. It will then explore the dynamics of countries that either send or receive high levels of migrants. From there, we will provide data between countries that have levels of migration and countries that have experienced episodes of conflict. The data will be analyzed and the results will show whether states that have high numbers or rates of migration experience a higher level of conflict, a lower level of conflict due to migration or no difference.

Migration and its Origins

Human migrations are defined as the permanent change of residence by an individual or group; exclusive of nomadism, migrant labor, commuting, and tourism which are transitory in nature.¹²¹ Migration has been a feature of the world since the beginning of human history. The earliest evidence of the human species, homo sapiens, began 200,000 years ago in Africa and people subsequently spread to every corner of the earth. Around 14,000 years ago, humans became a feature on every continent.¹²² Throughout history, there were various waves of human migration for a variety of purposes ranging from survival, securing of basic needs, to the collection of resources, curiosity and to spread ideas. As societies became more organized and humans established societies ruled by new political structures, new definitions of migration came into force.

Migration on a large scale between different regions increased dramatically during and after the age of discovery. As societies became more complex, the reasons become more varied and can range from economic, social, political, or environmental considerations. Due to increased information and better technology, millions were able to move across

¹²¹ Human Migration, Encyclopedia Britannica Online Academic Edition. 2014.
<http://www.britannica.com/EBchecked/topic/275738/human-migration>

¹²² The human journey: Migration routes. The genogeographic project, National Geographic.
<https://genographic.nationalgeographic.com/human-journey/>

the sea in search of better lives. Others were uprooted from their native lands and moved involuntary exemplified by the slave trade from Africa to the Americas or colonial powers moving population between countries based on strategic and labor requirements. Migrations became internal or international, voluntary or forced.

Theories on Migration

Since the 19th century, there have been a number of theories on migration trends that seek to explain reasons people migrate usually encompassed by labor migration, refugee migration, and urbanization.

Everett Lee's *A Theory of Migration* identifies a number of push and pull factors that he calls the streams and counter streams. Push factors are the unfavorable attributes about the location where a person lives. These can include a lack of opportunities, poor conditions, unfavorable, oppression, and environmental pollution, among others. The pull factors are those that attract an individual to another place with positive attributes such as opportunities, better health and education opportunities, security, and enjoyment.¹²³ The BBC's migration trends brief echoes Lee's theory and their push factors encompass a lack of services, poverty, lack of safety, natural disasters with pull factors being wealth, better services, political stability, and fertile land. Migration happens as a result of a combination of these factors and the flows differ over time depending on the balance of these factors and the openness of places with pull factors in receiving and integrating migrants.¹²⁴

¹²³ Lee, Everett. *A Theory of Migration*. Demography, VOL. 3, No. 1 (1966) Pg 47-57.

<http://www.jstor.org/stable/2060063>

¹²⁴ Why Do People Migrate? Migration Trends, BBC.

http://www.bbc.co.uk/schools/gcsebitesize/geography/migration/migration_trends_rev2.shtml

In the 19th Century, geographer Ernest George used certain characteristics of social sciences of the era to describe migration trends.¹²⁵ Some observations he makes that could be relevant to this study include that migration is often reciprocal, that rural residents are more migratory, those who move longer distances tend to go to larger cities, young adults are most mobile, and that migration patterns follow geographic channels. Even after 100 years, most of the rules still tend to hold true based on recent evidence.¹²⁶

Cotemporary Theories

Contemporary theories tend to focus on migration on the basis for better employment, incomes, and livelihoods which echo classical theories on migration as well as the increase in the distribution of economic resources across borders in the form of remittances. Roel Jennissen *Causality Chains in the International Migration Systems Approach* provides an excellent overview of modern schools of thought.

Neoclassical economic theory sees wage differentials as the greatest basis for migration. Places with a plethora of capital and a shortage of labor would have higher wages than places with lots of labor but a lack of capital. Labor often flows from areas of lower wages to higher wages. The theory focuses on economics and does not account for laws pertaining to migration and regulations and is quite useful in explaining internal migration within a country or movement within a bloc such as the European Union.¹²⁷

The dual labor market theory attributes pull factors in more developed countries for attracting migration. In industrialized countries, labor requirements often fall under two categories, those requiring highly educated labor and skilled labor, and a secondary

¹²⁵ Corbett, John. Ernest George Ravenstein: The Laws of Migration, 1885. Center for Spatially Integrated Social Science. <http://www.csiss.org/classics/content/90>

¹²⁶ Tobler, Waldo. Migration: Ravenstin, Thorntwaite, and Beyond. Geography Department, University of California, Santa Barbara. http://www.geog.ucsb.edu/~tobler/publications/pdf_docs/movement/migration/Ravenstein.pdf

¹²⁷ Jennissen, Roel. "Causality Chains in the International Migration Systems Approach." Population Research and Policy Review 26 (4). 2007

market that is labor intensive but less skill intensive demand. The theory assumes that migration from developing countries tend to fill the jobs in the secondary market as many natives may not want to fill due to fill them due to the lack of prestige or mobility.¹²⁸

The new economics of labor migration consider broader social entities and focuses on migration as a basis of household units. In order to achieve economic goals, individuals migrate and send remittances to order to benefit the entire household.

The relative deprivation theory highlights the disparities between different households with the same communities in a migrant exporting county as a strong incentive. The motivation to migrate tends to be a lot higher in areas that have high levels of inequality. In those communities, remittances may initially increase inequality but achieve a greater equilibrium over time as others migrate. Successful members who invest in their own human capital and those in their families may become examples for the community and inspire other to follow in their footsteps.¹²⁹

The world systems theory seeks to explain migration over long distances and sees migration as an interaction between different societies governed primarily by trade. For instance, developed countries tend to import labor intensive products which increase unskilled employment in less developed countries which in turn reduces the impetus for migration.¹³⁰ T

The Network Theory cites that migrant networks help other would-be or potential migrants garner information about how to migrate and what to do afterwards that are beneficial for their potential for success.

¹²⁸ Ibid 425

¹²⁹ Ibid 414

¹³⁰ Ibid 413

Over the last 20 years, the rate of migration has been relatively steady and has not increased proportionally when accounting for population increases. There was a large jump after the dissolution of the Soviet Union as millions moved across borders in what previously counted as moving within a country. The 5-year migration rate has been around 0.6% since 1995.¹³¹ It is often not the poorest countries sending their citizens to the richest ones but countries that are in transition with some education and mobility that account for the greatest proportion of migration.

Other linkages that are established are cultural and geographic links through variables such as shared history, common linguistic roots, and geographic proximity. Jenissen highlights that the cost and time of travelling between countries have decreased over time through material links such as better transport technology i.e. cheap and frequent flights, as well as much improved telecommunications which reduces the psychological costs of migration.¹³²

Broadly, migration flows from Asia tend to migrate to the Western Asia and North America with a smaller proportion moving to Europe. Those who migrate from Latin America mostly move to North America and Southern Europe while European migrants moved to various places around the world. Many migrants also move within their regions or between developing countries.

South-South Migration

Beyond migration contrary to popular beliefs, South-South migration, that is, people moving from one developing country to another, now account for almost 50% of migration. This proportion could be larger due to the lack of effective monitoring

¹³¹ Abel, J. & Sander, Nicola. Quantifying Global International Migration Flows. Science 343, 1520 (2014). <http://www.sciencemag.org/content/343/6178/1520.full.pdf?keytype=ref&siteid=sci&ijkey=ypit4%2Fxi7wo4M>

¹³² Jenissen 421

mechanisms by many developing countries.¹³³ The main drivers for South-South migration are income, proximity and networks. Most South-South migration happens between countries that share a border which in share reduce certain risks and cost of moving further away.¹³⁴ Ratha and Shaw find that 80% of South-South migration is estimated to take place between countries with continuous borders, larger income differentials are required to overcome higher geographic and cultural costs associated with traveling over greater distances. For instance some of the highest levels of migration between 2005 and 2010 have been within Africa, numbering 665,000 within Eastern Africa and 1 million within Western Africa. In contrast Western Africa flows to other countries were 277,000 but receive considerably greater media attention especially in Europe.¹³⁵ While the impact of South-South migration on income of migrant and natives is smaller than for South-North, the authors find that even small increases in income can have substantial welfare implications for the poor. Cross-migration can improve the match between skills and requirements in the countries involved, potentially raising efficiency and welfare.¹³⁶ Countries in certain regions of the world have begun to recognize these opportunities in terms of improving mobility and easing constraints on migration. Countries belonging in the Mercosur bloc (Argentina, Brazil, Paraguay, Uruguay, and Venezuela) can legally reside in any other state. In East Africa, Kenya, Uganda, and Tanzania can use a common East African Passport and mobility across West

¹³³ Ratha, Dilip and William Shaw. South-South Migration and Remittances. World Bank Working Paper 102. 2007. Pg 2

¹³⁴ Ratha, Dilip and William Shaw. Causes of South-South Migration and Its Socio Economic Effects. Migration Policy Institute, October 17, 2007. <http://www.migrationpolicy.org/article/causes-south-south-migration-and-its-socioeconomic-effects>

¹³⁵ Abel, J. Quantifying Global International Migration Flows. 1522

¹³⁶ Ratha, Dilip and William Shaw. South-South Migration and Remittances. World Bank Working Paper No. 102. 2007. The World Bank. 2 <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1110315015165/SouthSouthMigrationandRemittances.pdf>

Africa is improving through the Economic Community of West African States (ECOWAS).¹³⁷

On the other hand, migrants who travel to other developing countries comparatively enjoy lower increases in income, are subject to greater risks of exploitation, and more likely to be expelled than those who migrate to industrialized countries. The authors find that while the benefits are lower, South-South migrants are poorer and are more likely to be forced to migrate due to conflict or ecological disasters.¹³⁸

These findings are interesting as most people in industrialized may perceive the majority of migration as people moving from developing countries to a developed country. As countries increase their levels of development and income levels, they are able to send more migrants. Once their development reaches a certain level, migrants from other countries begin to move into their countries.¹³⁹

Remittances

Wage differentials between industrialized and developing countries remain high, which supports the neoclassical economic theory for migration. For instance, the Gross Domestic Product (GDP) per person in India was \$1,489 in 2012 compared to \$51,749 in the United States, a 34 fold difference. Remittances benefit individuals working as well as providing for their families in their homes countries which prevents relative deprivation within their communities.

A number of countries have become highly reliant on remittances to drive their economic growth and provide mobility for their populations. In 2013, remittances received around

¹³⁷ Ratha, Dilip and William Shaw. Causes of South-South Migration and Its Socio Economic Effects

¹³⁸ Ratha. South-South Migration and Remittances 33

¹³⁹ Stockton, Nick. Where everyone is migrating-in one gorgeous chart. Quarts. <http://qz.com/192440/where-everyone-in-the-world-is-migrating-in-one-gorgeous-chart/#/h/57276,1/>

the globe accounted for \$414 billion dollars, increasing 6.3% from the previous year. This amount is expected to rise to \$540 billion by 2016. According to the World Bank's Chief Economist, Kaushik Basu, *"These latest estimates show the power of remittances. For a country like Tajikistan they constitute half the GDP. For Bangladesh remittances provide vital protection against poverty. In terms of volume, India, with \$71 billion of remittances, tops the global chart. To put this in perspective, this is just short of three times the FDI it received in 2012."*

Migration and Conflict

Conflict is defined as a series disagreement or argument or a prolonged armed struggle.¹⁴⁰ Conflict is a natural human response to the scarcity of resources. In linking the two, scholars tend to include environmental factors and climate change as factors for migration induced conflict. Rafael Reuveny in *Climate change-induced migration and violent conflict*, he finds that people in lesser developed countries may be more likely to leave affected areas, which may cause conflict in receiving areas.¹⁴¹ He finds 5 reasons for the increase in the likelihood of conflict, that of competition, ethnic tensions, distrust, fault lines, and other conditions due to a country's development level. He explores 38 cases of environmental migration and finds conflict present in 19 out of 38 cases.

Reuveny finds the risk of conflict to be reduced when migrants and residents are of the same ethnicity and religion and that when environmental migration leads to conflict, the conflict intensity is high. In every case of conflict, the receiving areas of migrants were very underdeveloped and also highly reliant on the environment for their livelihoods.¹⁴² He recommends climate change mitigation and financial support to help poor countries

¹⁴⁰ Conflict, Oxford Dictionary. http://www.oxforddictionaries.com/us/definition/american_english/conflict

¹⁴¹ Reuveny, Rafael. Climate change-induced migration and violent conflict. *Political Geography* 26 (2007) 656

¹⁴² Ibid, 668.

adapt. There was no evidence of conflict when migrants moved to a wealthier country. Jon Barnett and Neil Adger supports Ruveny by stating that climate change increasingly undermines human security in the present day, and will increasingly do so in the future by reducing access to and the quality of natural resources as well as the capacity of states to provide services and opportunities for people to sustain their livelihoods.¹⁴³ In the report *Climate Change, Migration, and Conflict* by Michael Werz and Laura Conley, they find that it is “*difficult to fully understand the detailed causes of migration and economic and political instability, but the growing evidence of links between climate change, migration, and conflict raise plenty of reasons for concern.*” For example, the authors attribute Arab Spring movements partially to climate change as conditions caused rising food prices and migration from rural areas to cities exacerbated longstanding grievances.¹⁴⁴ They warn that African countries are most vulnerable with 250 million people projected to have water and food shortages. They cite that there are already 700 million internal migrants and that climate will aggravate many existing environmental and resource stresses.

Alex Randall does not see this correlation. He notes that when people respond to disasters, they move short distances within countries and eventually return. He notes that while violent conflict can cause displacement, he finds little evidence that this type of displacement causes conflict. Randall sees moving as a stabilizing factor and suggests

¹⁴³ Barnett, Jon and W. Neil Adger. Climate change, human security, and violent conflict. *Political Geography* 26 (2007) 639

¹⁴⁴ Werz, Michael and Laura Conley. *Climate Change, Migration, and Conflict*. The Center for American Progress. January 3, 2012. <http://www.americanprogress.org/issues/security/report/2012/01/03/10857/climate-change-migration-and-conflict/>

that the possibility of moving provides a form of adaptation to climate change for many people.¹⁴⁵

Hypothesis

Based on the exiting literature, my hypothesis is that greater migration and remittances flow will reduce the likelihood of interstate and intrastate conflict due to greater levels of interdependence but may intensify and prolong existing cases of conflict.

Migration increases potential opportunities for prosperity, and the possible reduction of unemployed youth, which is highly correlated with social instability. Countries with greater levels of people from another country may be less likely go to war with that given country but high levels migration may also magnify anger against certain groups by “natives” who fear their way of life, culture, and opportunities being diminished. Higher levels of migration, trade, and remittances may also exacerbate incidences of internal conflicts if it already exists due to external supplies of funds and resources.

The literature review establishes the basis and a number of theories to explain and analyze migration, remittances, and conflict. The data will provide the basis for establishing, observation and analyzing the relationship between them.

Expectations

I expect countries with high levels of migration among each other to have lower levels of interstate conflict as the exchange in people translates into in exchange of understanding in terms of culture, expectations, and interdependence. An individual or country with multiple cultural identities is less likely to instigate and elevate conflict as there will be greater sympathy and understanding for potential difference. However, migrant

¹⁴⁵ Randall, Alex. There's little evidence that climate migration will lead to global conflict. The Carbon Brief. February 17, 2014. <http://www.carbonbrief.org/blog/2014/02/despite-the-guardians-front-page,-theres-little-evidence-climate-change-will-lead-to-global-conflict/>

populations sometimes do not have a great amount of voice in their adopted countries and their representation as a proportion of the entire population is likely to be small so it is possible that there is no affect as they would be powerless to stem the effect of conflict if in fact two states do start wars.

Migration Data

Different data sets are presented to explore any potential for correlation. Countries with an asterisk next to them have experienced one or more episodes of interstate conflict since 1990.

Table 4: Top Ten Migrant Data (Figures in Millions)

The top 10 countries of destination for migrants are¹⁴⁶:

1. US*	42.8
2. Russia*	12.3
3. Germany	10.8
4. Saudi Arabia	7.3
5. Canada	7.2
6. United Kingdom	7.0
7. Spain	6.9
8. France	6.7
9. Australia	5.5
10. India*	5.4

The top 10 countries in which migrants emigrate from are¹⁴⁷:

1. Mexico	11.9
2. India*	11.4
3. Russia*	11
4. China	8.3
5. Ukraine	6.5
6. Bangladesh	5.4
7. Pakistan*	4.7
8. United Kingdom	4.7
9. Philippines	4.3
10. Turkey	4.3

¹⁴⁶ Peplemovin, migration flows across the world. World Bank Open Data. Bilateral Migration and Remittances 2010.
<http://peplemovin.in/#!>

¹⁴⁷ Ibid

The top 10 migration corridors between two States are¹⁴⁸:

1. Mexico-US*	11.6
2. Russia*-Ukraine	3.7
3. Bangladesh-India*	3.3
4. Turkey-Germany	2.7
5. Kazakhstan-Russia*	2.6
6. India-United Arab Emirates	2.2
7. China-US*	1.7
8. Philippines-US*	1.7
9. Afghanistan*-Iran	1.7
10. India*-US*	1.7

Top 10 Countries by Foreign Born Population by % of Population¹⁴⁹ (Populations of more than 1 million people and responsible for their own defense)

1. United Arab Emirates: 83.7%
2. Qatar 73.8%
3. Kuwait*: 60.2%
4. Bahrain: 54.7%
5. Singapore: 42.9%
6. Jordan: 40.2%
7. Saudi Arabia: 31.4%
8. Oman: 30.6%
9. Switzerland: 28.9%
10. Australia 27.7%

Top 10 Countries in terms of the number of their foreign born population¹⁵⁰

1. US*
2. Russia*
3. Germany
4. Saudi Arabia
5. United Arab Emirates
6. United Kingdom
7. France
8. Canada
9. Australia
10. Spain

Table 5: Remittance Data:

In 2013, the top remittance recipient countries in terms of amount remitted were:

(Per capita income)

¹⁴⁸ Ibid

¹⁴⁹ Trends in International Migrant Stock: The 2013 Revision. UN Population Division.

<http://esa.un.org/unmigration/TIMSA2013/migrantstocks2013.htm>

¹⁵⁰ Trends in International Migrant Stock

1. India*	\$1489
2. China	\$6091
3. The Philippines	\$2587
4. Mexico	\$9741
5. Nigeria	\$1555
6. Egypt	\$3187
7. Pakistan*	\$1290
8. Bangladesh	\$747
9. Vietnam	\$1595
10. Ukraine	\$3866

As a percentage of their economies, remittances accounted for the greatest proportion of:

1. Tajikistan	\$872
2. Kyrgyz Republic	\$1159
3. Lesotho	\$1193
4. Nepal	\$706
5. Moldova	\$2037
6. Armenia	\$3337
7. Haiti	\$771
8. Samoa	N/A
9. Liberia	\$414
10. Lebanon ¹⁵¹	\$9705

Conflict Data

Since 1990 there have been 16 episodes of interstate conflict, 80 cases of intrastate conflicts or conflicts within a state, and 5 episodes of extra-state conflicts, or wars fought by non-state entities. ¹⁵² To enrich the dataset for interstate conflict in order to have more data to analyze, we reduce the threshold of what constitutes an episode of conflict from 500 casualties to 100 casualties. After this adjustment, there have been 23 episodes of interstate war by 22 States.

Conflicts since 1990

Episodes Interstate Conflicts with over 100 deaths since 1990

¹⁵¹ Migrants from developing countries to send home \$414 billion in earnings in 2013, World Bank. October 2, 2013. <http://www.worldbank.org/en/news/feature/2013/10/02/Migrants-from-developing-countries-to-send-home-414-billion-in-earnings-in-2013>

¹⁵² Chronological list of all wars, Correlates of War. Appendix A. <http://www.correlatesofwar.org/>

(Compiled from the correlates of war dataset) Asterisks indicate that countries are also on the migration and or/remittance datasets as countries that have a high level of either characteristic.

Year(s)	Name of War	Belligerents
29. 1990	Iraq's Invasion of Kuwait	(Iraq & Kuwait*)
30. 1990-1991	Gulf War	(US* w/ Allies against Iraq)
31. 1991-1995	Croatian Independence	(Croatia & Yugoslavia)
32. 1992-1992	War of Transnistria	(Russia* & Moldova)
33. 1992-1993	War in Abkhazia Russia	(Russia* & Georgia)
34. 1992-1995	Bosnian War	(Bosnia & Serbia)
35. 1994-1996 Republic)	First Chechen War	(Russia* & Chechen)
36. 1996-1997	First Congo War	(African Coalition & Zaire)
37. 1998-1999 Yugoslavia)	Kosovo War	(US/NATO & FR)
38. 1998-2000	Eritrean-Ethiopian War	(Ethiopia & Eritrea)
39. 1998-2003	Second Congo War	(Coalition & Coalition)
40. 1998	Bombing of Iraq by the US	(US* & Iraq)
41. 1998	Kargill War	(India* & Pakistan*)
42. 1999	Second Chechen War	(Russia* & Chechnya)
43. 2001-Present:	War in Afghanistan	(US* & Afghanistan)
44. 2002	Operation Defensive Shield	(Israel & Hamas)
45. 2003	Iraq War	(US* w/ Coalition & Iraq)
46. 2004	Operation Days of Penitence	(Israel & Hamas)
47. 2006	Israel-Gaza conflict	(Israel & Gaza)
48. 2006-2009	War in Somalia	(Coalition & Coalition)
49. 2008	Operation Hot Winter	(Israel & Hamas)
50. 2008	South Ossetia War	(Russia* & Georgia)
51. 2008-2009	Gaza War	(Israel & Hamas)

The 22 States that have experienced one or more episodes of interstate conflict since 2000 are below. The asterisks indicate that they were also on the dataset for migration and/or remittances so can better analyze them.

Iraq	Asia
Kuwait	Asia
US*	North America
Croatia	Europe
Serbia	Europe
Russia*	Asia/Europe
Moldova	Europe
Chechen Republic	Asia
Congo	Africa
Kosovo	Europe
Ethiopia	Africa
Eritrea	Africa

India*	Asia
Pakistan*	Asia
Afghanistan	Asia
Burundi	Africa
Uganda	Africa
Somalia	Africa
Zaire	Africa
Rwanda	Africa
Israel	Asia
Angola	Africa

Observations and Analysis

Out of the 22 States have been involved in episodes of interstate conflict. 9 of the states are in Africa, 8 are in Asia, 5 are in Europe. The results section will observe states that have high levels of migration and that have also been involved in one or more episodes of conflict to analyze whether migration could be a possible factor in the propensity, intensity, or length of conflict. The figures are derived from the World Bank's Migration Data¹⁵³ and the population division of the UN.¹⁵⁴

The United States

The United States is by far the preferred destination for migrant labor. Its comparative openness, a history of immigration, and a high level of prosperity makes an appealing destination for migrants. Its foreign born population of 42.8 million is greater than the entire populations of Canada or Argentina. Not only are migrants from Mexico drawn to the US likely due to geographic proximity and established networks, it rounds out 4 out of the top 10 migration corridors. It also attracts large numbers of immigrations from geographically and quite possibly cultural faraway countries in Asia likely due to comparative high income levels, and quality of life. Proportionally, US is likely be the

¹⁵³ Peplemovin

¹⁵⁴ Trends in International Migrant Stock

primary for sources of funding for the top four remittance receiving countries, India, China, the Philippines, and Mexico. In terms of American nationals abroad, the majority of them reside in Mexico and Canada.

As the sole global hegemon since the end of the Cold War, the US has been involved in 5 episodes of interstate conflict since 1990, leading military operations in Iraq in 3 episodes, as well as in Serbia and Kosovo during the Kosovo War and in Afghanistan following the September 11th, 2001 attacks

The US and Iraq

Iraq has 1.5 million emigrants with 102,000 in the United States which is less than 8% of its total number of migrants. It has more migrants in neighboring countries as well as Germany and Sweden compared to the US. From 1990-1995, most Iraqi immigrants moved to Europe. After the Gulf War, Iraq came under sanctions from the West and the majority of migrants moved to Syria from 1995-2000. The Iraq war drove more Iraqi nationals to migrate to Jordan and Syria from 2000 to 2010. Migration seems to have had a minimal impact on the conflicts as there were never a sizeable Iraqi immigrant community in the US relative to other countries before, during, or after the episodes of conflict. This leads to the conclusion that migration was not a factor for the three episodes of conflict but that each outbreak of conflict dramatically increased Iraqi migration to neighboring countries such as Syria and Jordan.

The US and Serbia

Serbia has a population of 7.3 million with the majority of its migrants residing overwhelmingly in Austria. Serbia, home of the capital of the former Yugoslavia experienced high levels of migration between its newly independent neighbors along

ethnic and religious lines in the 1990s with ethnic Serbians in Bosnia and Croatia migrating to Serbia, Bosnians migrating to Bosnia and Herzegovina, and Croats migrating to Croatia. Its greatest rate of migration to the US was from 1995-2000 in which 67,000 Serbians moved across the Atlantic. However, the subsequent collapse of emigration to the US from 2000-2005 likely demonstrates that the conflict raised barriers for migration to the US for Serbian nations and the majority of its migrants moved other European countries with the majority of them going to Germany, Austria, and Croatia.

The US and Afghanistan

Migration does not seem to have played a role in the US War in Afghanistan. The vast majority of Afghan migrants live in neighboring Iran. After the withdrawal of Soviet forces in 1989, over 4 million refugees returned from Pakistan and Iran from 1990 to 1995. The US war in Afghanistan has not dramatically affected immigration to the US with the majority of Afghans who migrate still going to Iran and a much smaller proportion going to Europe.

Historical and Contemporary Trends

In terms of interstate conflicts among countries that send the greatest number of migrants to the US, the US has not had any episodes of conflict with them since 1990. However, before that, the US was involved in conflicts in El Salvador and Vietnam. However, large scale refugee migration from those countries did not occur until the succession of conflict rather than before episodes of conflict. Due to the dynamics of the Cold War, the US often reduced barriers to immigration to those that were aligned with the US along ideological lines. After the end of the Cold War, this phenomenon has seemingly ended as immigration rates from Iraq, Serbia, and Iraq dropped after the cessation of armed

conflict. Based on the data, migration has had no effect on US involved conflict since 1990 and migrants in the countries that the US has had conflicts have a greater likelihood of migrating to geographically nearby countries.

Russia

Russia's history is likely to have strongly shaped its migration patterns. During the USSR, the Soviet Union encompassed all of the countries that share high levels of migration with Russia. This is likely due to high levels of voluntary and involuntary migration during the Soviet era. Migration rates spiked after its dissolution as millions moved across borders along ethnic, religious, or cultural lines just like in the former Yugoslavia. However, the vast majority can be attributed to migration between former Soviet Republics, the difference being that what was previously internal migration became interstate migration. Much migration has happened along ethnic, religious, and identity cleavages demonstrated by Russia-Ukraine and Russia-Kazakhstan being among two of the largest migration corridors in the world.

Currently, Russia is home to over 12 million immigrants which accounts for 8.8% of its population. Ukraine is the biggest source of migration with all of the other former Soviet Republics rounding out the top 10. All of Russia's episodes of interstate conflict have been with states that were formerly a part of the Soviet Union and much of them based on territorial disputes ranging from preventing independence by territories in Chechnya or related to reintegrating Russian-majority or Russian-supporting territories of Transnistria and South Ossetia in Moldova and Georgia respectively. This dynamic is also visible and apparent recently with the way Russia has engaged Ukraine over Crimea although there has not been widespread violence so far.

In terms of migration abroad, the majority of Russian nationals live in Ukraine, Kazakhstan, Israel, and Belarus. This is again likely due to the unique cultural, ethnic and religious identities and affiliations. In terms of migration trends over different time periods since 1990, Russia has absorbed a large number of migrants from other former Soviet Republics, some of them that are economically disadvantaged.

The analysis is that Russia is a very unique case due to the fact that it was the largest entity within the Soviet Union and that the episodes of interstate conflict it has experience had have all been with neighboring countries that used to be a part of the same Union of Soviet Republics. In contrast with the US experience, migration has likely greatly reduced the propensity and intensity of conflict. How so? Those who identify more with Russian culture, identity, and nationalism would tend to migrate there and the opposite would hold true for those who don't. If barriers were high and millions more that identified with Russia or the other Republics had been forced to remain within the newly established boundaries after the dissolution of the USSR, there would likely be more episodes of these types of border conflicts driven by national, ethnic, cultural, linguistic, or religious identities and pride.

India and Pakistan

Formerly colonial India became independent from Great Britain in 1947. However, the country was divided into two separate states roughly along religious lines, a Hindu majority India and Muslim majority Pakistan were formed. After partition, over 10 million people crossed between both borders along religions and identity lines.¹⁵⁵ Since

¹⁵⁵ Bates, Crispin. The Hidden Story of Partition and its Legacies. BBC History. 3-3-2011. http://www.bbc.co.uk/history/british/modern/partition1947_01.shtml

the division, the two countries have fought multiple wars with the most recent episode of conflict between them the Kargill Wars of 1998.

India is the second most populous country in the world. Out of its population of 1.17 billion, 11.4 million of its nationals reside abroad with 2.2 million in the United Arab Emirates, 1.7 million in the United States, 1.45 million in Saudi Arabia, 1.1 million in Bangladesh, and 830,000 in Nepal. The variety of migrant destinations is fascinating as they vary widely in terms of geography, cultures, and development levels. It has not had any episodes of interstate conflict with the top 10 countries that Indians emigrate to.

Pakistani migration tend to go towards Saudi Arabia, the United Arab Emirates, United Kingdom, the US and Qatar. The data for migration between India and Pakistan is inconsistent across sources. Given that the majority of migration between the two States occurred immediately after partition and barriers for travel and migration are steep, the lack of cooperation and integration may have exacerbated the likelihood of conflict based on hardened attitudes of those who had fought during partition and subsequent grievances. It is similar to the US is that migration does not seem to be a factor but also like the Russian experience in that the two entities used to be one State.

Kuwait

In 1990, Iraq invaded Kuwait under the pretenses of Kuwait stealing Iraqi oil by drilling diagonally as well as exceeding its OPEC oil production quotas which allegedly resulted in a slump in international oil prices. The true causes were likely due to the debt Iraq owed Kuwait from the Iran-Iraq war and to bolster Saddam Hussein's prestige in the eyes of the Iraqi populace after reaching a stalemate in the Iran-Iraq war. Although achieving victory, Iraqi forces were quickly driven out and defeated in Operation Desert Storm by

the 34 country coalition led by the US. During the invasion, over 600,000 Kuwaitis escaped en masse to other countries with the majority of them going to neighboring Saudi Arabia. As a result of the war, and subsequent economic malaise in Iraq, 180,000 Kuwaitis people left between 1990 and 1995 with a plurality of them moving to European countries. Between 1995 and 2000, 73,000 more people left Kuwait but over 180,000 returned while 74,000 left Iraq but 58,000 returned. Although there are 37,000 Kuwaitis in Iraq, it does not seem like migration had any effect on conflict. There was no sizable migration or exchanges between the two States except for Shi'ite solidarity for Iraqi Shi'ites who were ruled by Sunnis under Saddam Hussein's regime. Before and after the conflict, there were no sizable migration between Kuwait and Iraq even though they are neighboring countries.

Characteristics

The dynamics of migration and conflict tend to vary quite considerably depending on the country that is analyzed. Greater levels of migration do tend to occur between countries that are geographically close with the exception of the United States which has fought in conflicts far away from its mainland. Migration seemed to have an inconsistent effect on the propensity of conflict that is unique to every example.

Additionally, with the exceptions of the US, Kuwait, and Israel, the other 19 countries have low to medium income levels. Countries in Africa had a disproportionately high involvement in conflicts as the three episodes of conflicts pitted multiple states against each other at the same time. After the outbreak of conflict, migration accelerated but to countries that are nearby likely to escape physical danger. On the other hand, all of Russia's interstate conflicts have been with neighboring states that were once a part of the

same state. Migration tended to occur before, during, and after conflict and the intensity of the conflicts in Moldova and Georgia were likely reduced the intensity of conflict as people migrated along lines of identity, ethnicities, language, and other factors. Migration tended to increase during the onset and immediately after episodes of conflict but most often to third countries that are not involved with the country.

Chapter Conclusion:

Based on the data, observations and analysis, it does not seem that migration has any clear and consistent impact on the likelihood of interstate conflict. Countries that have experienced episodes of interstate conflict do not seem to have a clear and consistent relationship regarding migration rates. As the contours of migration evolve and globalization progresses, this may change. However, what can be observed is that the destinations for migrants tend to be close unless there's a large differential in income. The greatest rates of migration often happen between countries that share a border which exemplifies South-South migration. Migration does increase opportunities for prosperity but more so for the individual and their immediate families rather than broader segments of society as countries that have send large numbers of migrants abroad often have not yet achieved high income levels. Based on these findings, I conclude that my hypothesis was overly ambitious in terms of the relationships between migration and conflict as there were no clear and consistent relationships across different case studies could be found.

Thesis Portfolio Findings and Conclusion:

The first asks whether Bilateral Trade agreements have an effect on the likelihood of conflict between states. I found that BTAs can reduce the likelihood of conflict under

most conditions. After signing into BTAs, trade has increased dramatically in the examples that were researched. There are other correlated benefits including better relations, shifting of resources towards growth rather than defense, and fostering mutual investments. In terms of the likelihood of conflict, the case studies suggest that the signing and implementation of the BTA should reduce the likelihood of conflict between the states as long as the terms of the BTA are upheld and enforced by both parties. Breaking agreements incur costs as trade relations tend to be very reciprocal; therefore, states are rarely able to act unilaterally. In the sole example of two countries entering into an armed conflict after signing a BTA, the terms of the agreement was nullified in practice before conflict began. This is an encouraging sign for interstate peace as there are 377 trade agreements in force with another 206 that are under preparation.¹⁵⁶

The second chapter asks if trading in natural resources affects the likelihood of interstate and intrastate conflict. My hypothesis is that such trade would have a positive effect on the likelihood of conflict. I conclude that while trading in natural resources may be important for intrastate conflict, it is not likely to be a major factor for interstate conflict as there are a greater set of considerations that leaders often undertake before engaging in armed conflict with another state. Trade is typically governed by a series of political and economic institutions and consideration and countries tend to trade based on their comparative advantages. However, in countries that have low levels of development, and high levels of primary commodity trade do have a much higher propensity for conflict and need to work towards broadening the benefits of those resources to prevent instability incited by local actors who feel alienated and try to increase their share of the benefits to

¹⁵⁶ Regional trade agreements, World Trade Organization. January 1, 2004.
http://www.wto.org/english/tratop_e/region_e/region_e.htm

those resources. High levels of natural resource trading can potential sustain the rule of autocracies, finance insurgency groups, and allow third parties to fan the flames of conflict. This is apparent in weak states with poor institutions, low levels of transparency, and high levels of corruption. In order for countries to mitigate the likelihood for intrastate conflict, they should seek to reduce their reliance on the trading of primary commodities, focus on investing in non-lootable resources, as well as foster more transparency, stronger institutions, and better governance coupled with economic development so that their economies overcome the “conflict” hump in per capita income levels of \$11,400.

The third chapter asks whether human migration affects the likelihood of interstate conflict. We identified the trends and characteristics of migration along with theories behind its motivations and practices. The chapter used data from countries with large numbers or proportions of migrant populations and compared them with data with countries involved in episodes of interstate conflict and found no strong, consistent causes or correlations between the case studies. My hypothesis is that “greater migration and remittances flow will reduce the likelihood of interstate and intrastate conflict.” The author does not find strong enough evidence to support his hypothesis except under certain conditions. The dynamics of migration and conflict tend to vary quite considerably depending on the country that is analyzed. Greater levels of migration do tend to occur between countries that are geographically close with the exception of the United States which has fought in conflicts far away from its mainland. Migration seemed to have an inconsistent effect on the propensity of conflict that is unique to every example. Migration tended to increase during the onset and immediately after episodes

of conflict but most often to third countries that are not involved with the country.

It is clear that interdependence is increasing when viewed from the lenses of trade agreements, natural resource trade, and human migration pattern. The confluence of these factors are decreasing the likelihood of interstate conflict, especially in states that have bought into democratic peace, have high income levels, and strong institutions are likely to benefit from interdependence. Countries are especially well placed to secure peace if they are able to actively participate and benefit from the global economy through economic growth, social development, and increase trade ties. They should focus on signing agreements with their neighbors while at the same time joining the global system. If countries are heavily reliant on primary resource commodities, they should invest more in in fair and equitable distribution systems, foster greater transparency, and invest wisely in the populations in order to broaden the benefit of their natural resources and also work to raise average incomes which is demonstrated to greatly reduce the risk of conflict. With regards to migration, migrant countries should strive to attract and nurture migrant talent so they can contribute to their adopted countries in a meaningful way. Remittance recipient countries should maximize opportunities to use remittances to boost service delivery and foster conditions for their return in terms of incentives and learning from the country to propel development. Fostering good relations with neighbors and your own citizens, signing natural resources, and maximizing human capital to health and education investments will leverage greater interdependence and create a world that is likely to become more prosperous and experience a reduced likelihood of conflict.

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PROFESSIONAL EXPERIENCE

The World Bank Group

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Online Communications Associate

Washington D.C.

- Web producer, writer, and social media coordinator for the South Asia Region (SAR)
 - Provide support to the Front Office to communicate the region's priorities, goals, and messages. Recipient of double VPU and Spot Awards
 - Crafted, coordinated, and implemented multiple campaigns and communication strategies on issues such as regional cooperation and gender equity
 - Successfully managed the transition of the South Asia's websites to the new content system
 - Spearheaded the region's online social media communications by creating and managing the regional blog and social media channels aligned with corporate priorities
 - Wrote and produced stories, press releases, and other materials highlighting projects and reports.
 - Recorded video messages and shots photographs to showcase events
- Youth coordinator: designed and implemented SAR's youth strategy encouraging participation in development and promoting inclusion and cooperation. VPU award recipient for Sri Lankan initiatives
- Results: Coordinate and manage South Asia's results stories. Region was recognized and commended as the first team to successfully complete the process, VPU award recipient from OPCS
- Accompanied and completed the media briefing book, press releases, and web features for former Managing Director, Ngozi Okonjo-Iweala's visit to Sri Lanka highlight the country's dual transitions
- Media Monitoring: Reviewed, organized, and reported pertinent and timely regional information for the South Asia Vice President and management on a daily basis.
- Youth2Youth Communications Chair: communicating World Bank youth-led events and initiatives inclusive of the Youth Innovation Fund, mentorship program, global youth conference, training, and volunteering

State Department

2008

Research Assistant

Gainesville, Florida

- Created content and a learning module website for a virtual reality training course designed for the State Department called Second China simulating all aspects of China utilizing advanced social media tools.

Perth Leadership Institute

2008

China Business Liaison

Gainesville, Florida

- Facilitated a six digit management training program between Perth Leadership and Xiandai Architectural Design Group of Shanghai on Perth's Leadership Model based on a firm's financial signature

Actionlink Consulting

2006-2007

Central Florida Company Representative

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- Marketed and demonstrated Panasonic products and their benefits to employers, employees, and consumers throughout retailers in Central Florida. Sales of TZ1 cameras increased by 27%

EDUCATION

Johns Hopkins University

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Masters of Arts in Global Security & Economics

Washington D.C.

- Dissertation: "The Effect of Trade, Resources, and Migration on Conflict"

University of Florida

2006-2008

Bachelors of Arts in Political Science & International Relations

Gainesville, Florida

- Minor in Chinese Language and Literature and University Scholar
- Member of Honors College (Minimum 4.0 GPA and 1400 SAT Entrance Requirement)

Tsinghua University

2007

Advanced Chinese and Modern Chinese Literature

Beijing, China

- Recipient of the UF in Beijing Scholarship Award
- Score of 790/800 on the SAT II Chinese Assessment Test, GPA: 4.0/4.0

Applicable Skills/Personal Achievements

- Fluent in Mandarin Chinese and fairly proficient in Spanish
- Managing Editor-in-Chief of an award winning school publication, Revolution
- Hands on knowledge of Day, e-Publish, Drupal, Photoshop, Dreamweaver, and Microsoft Office Suite
- Tampa Tribune Scholar, Key Scholar, AP Scholar with Distinction
- Advanced Pianist Certification, District Tennis Champion
- Perfect 800/800 on the Verbal Portion of the Scholastic Aptitude Test (SAT)